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# Latin America Report

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5 NOVEMBER 1986

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

DICA Adopted as Basis for Trade in Central America (Jose Molina Calderon; PRENSA LIBRE, 27 Aug 86) .....	1
Argentina Outlines Economic Assistance to Guatemala (PRENSA LIBRE, 9 Sep 86) .....	7
Guatemala Sells Electricity to El Salvador (PRENSA LIBRE, 24 Sep 86) .....	8

## ARGENTINA

## SCIENCE AND TECHNOLOGY

CEO's of Major Banks Agree To Aid S&T (BOLETIN DE LA SECRETARIA DE CIENCIA Y TECNICA, Mar 86) .....	9
Jurists Debate Software Protection, Make Recommendations (BOLETIN DE LA SECRETARIA DE CIENCIA Y TECNICA, Mar 86) .....	11
Economic Policies To Encourage S&T (LA PRENSA, 19 Sep 86) .....	15

## BRAZIL

Strategies in Renegotiation of Foreign Debt Described (O ESTADO DE SAO PAULO, various dates) .....	16
Mexican-Type Advantages Sought	16
Paris Club Agreement Favored	17
Finance Minister Explains Position	18
Document Lists Government's Terms	19
Aggressive Rhetoric Seen Detrimental	20
Taiwan Seeks Joint Ventures in Informatics, Other Areas (O ESTADO DE SAO PAULO, 26 Sep 86) .....	23

Rio Grande do Sul Property Owners Arm Against Invaders (O ESTADO DE SAO PAULO, 26 Sep 86) .....	24
Raw Materials Price Decline Causes Millions in Losses (O ESTADO DE SAO PAULO, 18 Sep 86) .....	27
Cruzado Plan To Be Adjusted in Fiscal, Monetary Areas (Milano Lopes; O ESTADO DE SAO PAULO, 26 Sep 86) .....	28
Briefs	
USSR Hydroelectric Plant Construction .....	30
SCIENCE AND TECHNOLOGY	
Robots To Automate Auto Plants, Use Hitachi Technology (O GLOBO, 22 Sep 86) .....	31
SEI To Standardize Computer Industry (RNT, Jun 86) .....	33
Modernization Policies To Aid Computer Industry (RNT, Jun 86) .....	38
Support for State-Run Computer Firms To Increase (RNT, Jun 86) .....	40
COLOMBIA	
Reaction to Government's Urban Reform Bill Mixed (EL TIEMPO, 10, 27 Sep 86) .....	43
Real Estate Exchanges' Criticism .....	43
Construction Chamber Position Shift .....	46
Non-Traditional Exports Increase by 15 Percent (EL TIEMPO, 29 Sep 86) .....	48
Briefs	
Human Rights Commissioner Member Murdered .....	50
Cost of Living Increase .....	50
Coffee Exports .....	50
CUBA	
Final Installments of PCC Draft Program: Role of Party (GRANMA, Sep 86) .....	51
Siberia-Bound Forestry Brigades Complete Training (GIRON, 26 Aug 86) .....	66

Sancti Spiritus Province Vegetable, Fruit Sales Up (ESCAMBRAY, 8 Aug 86) .....	68
Pork Production Goals Met Despite Uneven Provincial Output (Raisa Pages; GRANMA, 22 Aug 86) .....	69
Rural Airport To Open in Ciego de Avila (Julio Juan Leandro; GRANMA, 23 Aug 86) .....	71
State Statistics Office Installs Largest Computer (Roberto Paneque Fonseca; GRANMA, 18 Aug 86) .....	73
Briefs Over 4,000 Salary Overpayments Uncovered	75

#### DOMINICAN REPUBLIC

Isa Conde on Domestic Situation (Narciso Isa Conde Interview; NEPSZABADSAG, 22 Sep 86) ....	76
--	----

#### GUATEMALA

First Lady Participates in Ceremonies Freeing Prisoners (PRENSA LIBRE, 25 Sep 86) .....	78
Political Parties Seek Legal Status Under New Law (PRENSA LIBRE, 9 Sep 86) .....	80

#### JAMAICA

Seaga, Manley Air Differences Over Elections, Economy (THE DAILY GLEANER, 19, 26 Sep 86) .....	81
Seaga Stand, by Ed McCullough	81
Manley at PNP Conference	82
Manley on Divestment Decision	84
Government, PNP State Positions in Dispute With IMF (Various sources, various dates) .....	85
Manley Remarks	85
Devaluation Proposal, by Paget Defreitas	86
Government Position Paper	87
Balance of Payments Shows Surplus; Exports Fall (THE DAILY GLEANER, 23, 25 Sep 86) .....	89
Bank Governor's Report	89
Report on Exports	90
Police Commissioner Denies 'Americas Watch' Charges (THE DAILY GLEANER, 26 Sep 86) .....	92

Briefs		
World Bank Loans		94
MEXICO		
1985 Key Parastate Enterprise Losses Near 27 Billion Pesos (Marta Anaya; EXCELSIOR, 18 Sep 86) .....		95
Auto Industry Operating at 35-40 Percent of Capacity (Jaime Contreras Salcedo; EXCELSIOR, 30 Aug 86) .....		99
CEESP Study Sets Underground Economy at 25-35 Percent of GDP (Jaime Contreras Salcedo; EXCELSIOR, 29 Aug 86) .....		101
Briefs		
Cutback in Steel Production at Monclova		102
NICARAGUA		
Minister Borge on Church, Human Rights (Tomas Borge Interview; LA HORA, 21 Sep 86) .....		103
Supreme Court Rules Against LA PRENSA (Managua Radio Sandino, 26 Sep 86) .....		108
\$112 Million in Agricultural Credits Obtained (Managua Radio Sandino, 19 Sep 86) .....		109
Briefs		
Trade With Guatemala		110
Officers Charged With Prisoner Mistreatment		110
TRINIDAD AND TOBAGO		
Paper's Probe Exposes Extent of Arms Smuggling (SUNDAY EXPRESS, 5 Oct 86) .....		111
Investigative Report, by Camini Marajh		111
Arms-Related Incidents Jan-Aug		113
Tapia Leader Best Warns of Possible Violence (DAILY EXPRESS, 3 Oct 86) .....		114
Chambers Addresses PNM Women on Current Political Scene (DAILY EXPRESS, 29 Sep 86) .....		115
Confidence in PNM		115
Status of ISCOTT, by Ria Taitt		116
Low Turnout Reported for Voter Registration (SUNDAY EXPRESS, 28 Sep 86) .....		118

INTER-AMERICAN AFFAIRS

DICA ADOPTED AS BASIS FOR TRADE IN CENTRAL AMERICA

Guatemala City PRENSA LIBRE (ECONOMIC-FINANCIAL Supplement) in Spanish 27 Aug 86 (no page given)

[Article by Jose Molina Calderon]

[Text] Free-For-All, Every Man for Himself

The Meeting of Economy Ministers and Central Bank Presidents of Central America, which was held in Nicaragua on 19 and 20 August 1986, was the arena of a free-for-all in which the Central American Import Duty (DICA) was pitted against the Central American peso. Four technical contenders (Guatemala, Honduras, El Salvador, and Costa Rica) and a hard-headed Nicaragua carried out this free-for-all with no time limit. The Central American peso lost its scalp, and the DICA remained intact. Use of the DICA will begin on 1 October 1986.

Active Black Markets

The problem in Central America is that the five countries of the region have very active black markets for foreign exchange. In the case of El Salvador, Honduras, and Guatemala, the "black dollar" is 20 percent higher than the official exchange rate; in Costa Rica, it is 6 percent higher.

But Nicaragua is the most dramatic example of all; the official exchange rate is 70 cordobas to the dollar, while that currency sells on the black market for 30 times that price, up to 2,200 cordobas to the dollar. This means that the black market rate is 3,000 percent of the official exchange rate.

Jumbo Economic Package for Central America

Each Central American country has its own super economic package. El Salvador and Nicaragua officially devalued their currencies, raised the prices of basic commodities, and adopted monetary stabilization plans in January 1986. Costa Rica did the same thing 4 years ago when now ex-President Luis Alberto Monge took office. Guatemala followed suit last 5 June. Only Honduras has yet to do so, but it will in just a few days; it is already under pressure from international financial organizations to take such action. But none of the countries has let its currency float freely, and that is the reason for

the flourishing black market for the dollar in Central America and the payments crisis in intraregional trade.

#### Central American Peso

The Central American peso is just an accounting unit, not a currency, and is the equivalent of a U.S. dollar. It arose out of the first meeting of Central American Central Banks (Tegucigalpa, Honduras, August 1952), just 34 years ago. It was regarded as a unit of accounting, and was put on a par with the U.S. dollar. At that time, the term "parity" was used; today the expression "external value of the currency" is used.

The Central American Common Market failed, and since 1985 an effort has been made to revive it by means of the Central American Tariff and Customs System, better known as NAUCA II. This pact was signed by the government of the Republic of Guatemala on 27 December 1984, and its ratification was published a year later in the DIARIO DE CENTROAMERICA, on 27 December 1985. The previous pact, which had been in effect for 25 years, was the Central American Uniform Tariff Nomenclature (NAUCA I).

Article 20 of NAUCA II states the following:

"For the purposes of tariff unity and uniformity, the "Central American peso" will be considered an accounting unit, with the value assigned to it by the Central American Monetary Council. The conversion of foreign currencies to Central American pesos shall be carried out on the basis of the exchange rate resulting from the international price of the foreign currency compared to the official value of the Central American peso defined in the previous paragraph, on the date when the policy is accepted. Said price shall be paid by the Central Bank of the Contracting State involved. The conversion of Central American pesos to the currencies of the Contracting States shall be carried out by applying the value established by national provisions which are in effect on the date when the policy is accepted."

#### Central American Compensation Chamber

To eliminate the dollar from Central American commercial transactions, the Central American Compensation Chamber was established on 28 July 1961. The Compensation Chamber has a simple structure; its initial objective was to promote the orderly use of Central American currencies in transactions among the countries of the isthmus, as a means of accelerating their economic integration. This objective was later expressed as "facilitating payments and promoting the use of the region's currencies in inter-Central American transactions."

In 1981, Central American trade amounted to 972 million pesos, and the transactions recorded at the Chamber totaled 979 million pesos, that is, 100 percent coverage by Central American currencies to effect commercial payments. In 1985, trade amounted to 572 million pesos, while transactions through the Chamber totaled 396 million pesos; in other words, only 69 percent of the trade took place through the Chamber. At present Nicaragua has cut its



transactions with the Chamber to an absolute minimum, which also reflects a reduction of its trade with the other Central American countries.

In addition, the Compensation Chamber's rules required that the debts between countries be liquidated periodically in dollars, but this has not happened. As a result, the countries that have not paid each other have built up huge debts. This is the fundamental cause of the collapse.

For example, in 1985, 175 million pesos worth of trade took place without being paid for through the Central American Compensation Chamber. In the case of Guatemala, the Bank of Guatemala even allows exports to other Central American countries with payment in local currencies, or even payment in kind for exports or any other system, in order to regularize the payments problem. This means in practice that we turn a blind eye to trade with our neighbors.

#### DICA

The DICA, a kind of "new currency" for Central American trade, is the only short-term government alternative for regularizing payments for trade among the countries in the area.

Laboring under a heavy debt burden and lacking the dollars with which to pay it, the countries of the area established the "Central American Import Duty," known as DICA. It is a payment mechanism that uses the currencies of the Central American nations in order to replace the current system of the Central American Compensation Chamber. The Compensation Chamber functioned for 25 years; between 1961 and 1981, practically all Central American trade was paid for through its mechanism, with respect to both visible trade (the movement of goods) and invisible trade (remittances to family members or of profits, and other payments for various services).

#### Other Payment Alternatives

The DICA is just one alternative. Other means of paying for trade have been studied, however. One alternative, for example, is the establishment of a Central American monetary zone in which the Central Banks would agree on the corresponding exchange rates for their currencies, still using the Compensation Chamber.

Another alternative would be to transfer payments for Central American trade to the free market, so that the private sectors would establish their own mechanisms for payment and compensation, ignoring the Compensation Chamber. And a final option is to establish a Central American foreign exchange market that would be in the hands of each country's financial system, without the intervention of the Central Bank.

#### Balanced Trade

The governments supported the DICA option, however, because it represents an effort to achieve "balanced trade," that is, allowing a country only to import as much as it exports.

The DICAs will be used exclusively to pay for "imports of goods" from any Central American country. They consist of documents that will be "issued" by the Central Bank in the name of the corresponding exporter, for the delivery of a given amount of the importing country's national currency, once the respective exchange control requirements have been met.

#### Guatemalan Securities Market

Thus, in the Central American free-for-all, a tie has been declared, known as "balanced trade," with the DICA as referee. For the DICA to remain in the ring, however, a new gymnasium will be needed: the securities market. At present only Costa Rica has an organized, functioning securities market.

Guatemala has a securities market only on paper, although the Commercial Code provided for its establishment 20 years ago, and the jumbo Economic Package calls for its establishment in the Blue Book. On page 73, that document states the following: "For the purpose of increasing and democratizing private investment, the relevant studies will be conducted to evaluate the possibility of establishing a securities market."

In fact, the failure to establish a securities market in Guatemala is due to the fact that it has usually been the government that has tried to set it up. But the result has been an immediate suicide, in some cases because of the absence of the administrative and financial capacity to develop it.

At the present time, two negotiable bonds could be traded on the securities market to start. They are the monetary stabilization bonds issued by the Bank of Guatemala, which may be subject to continuing negotiation, and the DICA, after 1 October 1986. Of course, other documents such as bank acceptances (which would be bills of exchange issued by private firms and backed by Guatemalan banks) and loan notes (documents of credit used to finance goods) could also be traded. These credit instruments can be traded on a stock exchange, as in Guatemala's case.

Curiously, Costa Rica, which has a less active economy than Guatemala, has had a much more successful securities market for the last 10 years. Of course it must be acknowledged that the Costa Ricans have been more adept than the Guatemalans at financial, monetary, and exchange matters for the past 30 years.

#### Comments on DICA

By Olivier Castro, executive director of the Central American Monetary Council and former manager of the Central Bank of Costa Rica

1. The Central American Import Duty (DICA) is an intraregional payment system that poses an alternative to the current mechanism of the Central American Compensation Chamber. It has been developed in theory to cope with the problems stemming from the failure to meet commitments made in transactions through the Chamber, and from the shortage of foreign exchange suffered by Central American countries at present. The latter has been one of the main causes of the declining trend in intraregional trade.

2. The concept of the mechanism begins with the basic assumption that the participants in the trade (exporters), as interested parties, are willing to allow payment documents to be sold (negotiated) on a par, with certain discounts or premiums as a function of the relative shortage of these documents on the respective securities market, for the sake of maintaining the free flow of trade and guaranteeing payment.

3. The DICAs will be used exclusively to pay for imports of goods from any Central American country; they consist of documents which will be issued by the Central Bank in the name of the corresponding exporter for the delivery of a given amount of the importing country's national currency, once the exchange control requirements have been met.

When payment is made for imported goods using the DICA mechanism, the importer may ask the issuer of the document to split up the payment into different smaller denominations of DICA, in order to facilitate subsequent transactions with that instrument.

The DICA will be issued in U.S. dollars at the current exchange rate as of the date of issuance in the respective banking system. The exchange rate that will apply for redemption or payment of the DICA will be that which is in effect on the day when the event occurs.

4. Once the DICA has been obtained, the importer (buyer) will send it to the corresponding exporter so that he can consider the bill paid and can meet his obligation of paying the corresponding foreign exchange to his respective banking system, which he will do by turning over the DICA he received. The DICA will be returned to him and he will be exempt from having to turn over the foreign exchange, so that he can use it to pay for imports from the country where the DICA originated, or negotiate it with another party interested in purchasing goods from that country.

5. The DICA will be negotiated under the terms and conditions freely established by the parties.

The free negotiability of the DICA means that whenever imbalances occur in supply and demand, the prices quoted for the DICA will include discounts or premiums that will modify the amounts supplied or demanded accordingly.

Any person may buy validated documents from a given country in any nation for the purpose of paying for exports from the issuing country, to be sent to any other Central American state. This will promote an adjustment of the relative prices that prevail in intraregional trade.

6. When a DICA is received in its country of origin by an exporter, the latter can redeem it at an authorized institution or at the Central Bank merely by presenting it, as long as it is included as a payment document when an export permit is cleared, and the DICA's term has not expired. If this is the case, the DICA will be paid to the bearer, without any exportation necessarily having taken place.

7. In addition, the possibility is left open for Central Banks, unilaterally or jointly with their counterparts, to participate in their respective securities markets by purchasing the DICAs issued by other Central American countries and validated by them, at the prices established by the market. The purpose of this is to balance out securities and thus prevent sharp fluctuations on the markets.

8. In general terms, it can be said that the proposed mechanism has a number of characteristics that make it versatile, immediately applicable, and consistent with most of the current provisions governing exchange in Central America. It favors currents of trade that are compatible with the goal of reactivating the integration process.

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INTER-AMERICAN AFFAIRS

ARGENTINA OUTLINES ECONOMIC ASSISTANCE TO GUATEMALA

Guatemala City PRENSA LIBRE in Spanish 9 Sep 86 p 8

[Text] "Argentina supports the active neutrality practiced by President Cerezo," stated the ambassador from that nation, Eduardo Lorenzo de Simone, yesterday. He also announced that his country will not sell weapons to the Guatemalan Army.

At a meeting with journalists in the office of the foreign minister, the diplomat reported on the programs of financial and technical cooperation and assistance for Guatemala.

He said that a credit line of \$15 million is currently open, and it may eventually be expanded to \$25 million, at an 8-year term and a 5.5 percent interest rate.

He also spoke of a nuclear energy cooperation agreement, which will be aimed at peaceful purposes in the form of agricultural, food, medical, and other projects.

Minister Quinones Amezquita was also present at the meeting, and the ambassador informed him that at the next session of the United Nations, Latin American countries will support the Contadora Group and the Support Group, of which Argentina is an active member.

No Weapons Sales

Ambassador De Simone stated that "Guatemala, having installed a democratic system, does not need weapons to consolidate it." He noted that a pluralist and democratic government is in office in his country, and that was why the decision was not questioned.

8926

CSO: 3248/22

INTER-AMERICAN AFFAIRS

GUATEMALA SELLS ELECTRICITY TO EL SALVADOR

Guatemala City PRENSA LIBRE in Spanish 24 Sep 86 p 5

[Text] Guatemala has begun selling electricity to El Salvador for several hundred thousand Central American pesos a month, announced Emilio Goubaud, presidential adviser of the National Institute of Electrification (INDE).

He said that the sale of approximately 100 million kwh of electricity per month was negotiated as a result of a seasonal drought that is plaguing that country. The electricity is being transmitted through the connecting lines recently built between the two countries.

Goubaud indicated that the assistance program runs through December of this year, and could be renewed in 1987 if the permanent commission so decides. This group is made up of the respective presidents of Guatemala's INDE and El Salvador's Lempa River Hydroelectric Executive Commission (CEL).

The official pointed out that the sale represents substantial monthly revenues for INDE, totaling several hundred thousand Central American pesos. These funds will be channeled toward several different operations run by the entity.

Another Connection

He reported, finally, that our country is seeking establish connections with Honduras to provide or receive electricity to and from the countries of the area, and to form a triangle with El Salvador.

8926

CSO: 3248/22

SCIENCE AND TECHNOLOGY

ARGENTINA

CEOs OF MAJOR BANKS AGREE TO AID S&T

Buenos Aires BOLETIN DE LA SECRETARIA DE CIENCIA Y TECNICA in Spanish Mar 86  
pp 18, 19

[Text] On 27 January of this year, at the Historical Archive and Museum of the Bank of the Province of Buenos Aires, an agreement of great importance to the country's technological development, known as Technological Argentina (ARGENTEC), was signed by the presidents of the Bank of the Argentine Nation (Dr Mario Kenny), the National Development Bank (Chrystian Colombo), and the Bank of the Province of Buenos Aires (Dr Aldo Ferrer); and by the vice-president of the Bank of the Province of Cordoba (Dr Jose Maria Llorens) and the 2nd vice-president of the Bank of Mendoza, Hector Martin, as representatives of their respective financial entities. ARGENTEC reflects the signatories' conviction that "the financial entities are responsible for channeling the credit and other resources available to them toward innovative enterprises and/or those which assimilate important knowledge, in order to support them and incorporate them into the country's scientific and technological assets." In addition, it recognizes that "technological progress is normally incorporated into projects developed by enterprises with an innovative spirit that are willing to assume risks, and that these enterprises play an irreplaceable role as leaders in economic growth."

ARGENTEC's objectives are to cooperate in financing and contributing bank services to innovation and internal technological development (with particular reference to small and medium businesses), imports, the assimilation and exportation of technology, exploring the possibilities for cooperation in the functions that are intrinsic to investment banking and specialized banking linked to technological development, utilizing their network of agencies abroad and their contacts on international financial markets to mobilize additional resources, expand markets, promote understandings with foreign companies, and all other actions aimed at supporting the activity of the innovative firms associated with ARGENTEC.

ARGENTEC will be administered through instruments of consultation, coordination, and advice.

The first chairman of the Coordinating Committee is Dr Aldo Ferrer, president of the Bank of the Province of Buenos Aires. That bank's Prof Jorge Sabato Department of Development and Technology Management has gained experience in

the promotion and financing of high technology projects, and today it is placing that experience at the disposal of the signatories of the agreement. In this way, they will be able to share, expand, and enrich that experience (see box). With regard to technology, production, and commerce in the machinery and equipment sector, the Bank of the Province of Buenos Aires emphasizes the usefulness of LATINEQUIP, an entity created for that purpose, and of other Latin American financial institutions.

The ceremony at which the agreement was signed was also attended by Dr Manuel Sadosky, secretary of science and technology, and Dr Federico Leloir, member of the Advisory Commission.

8926

CSO: 3699/18



SCIENCE AND TECHNOLOGY

ARGENTINA

#### JURISTS DEBATE SOFTWARE PROTECTION, MAKE RECOMMENDATIONS

Buenos Aires BOLETIN DE LA SECRETARIA DE CIENCIA Y TECNICA in Spanish Mar 86  
pp 30, 31

[Text] Now that the ad-hoc committee of jurists charged with studying the legal protection of computer programs has finished the first stage of its work, we are printing here its principal conclusions:

##### Principal Conclusions

1. The software market is one of the most dynamic segments of the informatics sector. Various sources estimate that transactions in 1984 totaled \$18 billion, and a growth rate of over 20 percent a year is projected.
2. Software represents not only a significant and growing market but also a strategic element for penetrating and remaining in the hardware market. Maintaining a presence on the hardware market is increasingly a factor of how much software is available for use.
3. Although the matter of legal protection for software is not new, it has taken on special importance as a result of the emergence of a vast market for "package" applications, that is, standard software that can be used by an unlimited number of customers. Another contributing factor, in this regard, has been the internationalization of this market, and software producers' lawsuits over the copying of their programs. In fact, a program can be copied easily and quickly at low cost, and can be used directly without the need for any special adaptation.
4. The debate on this issue has given rise to special studies in the 1970s and 1980s (for example, those conducted by the World Intellectual Property Organization and the U.S. Commission on New Technology Uses of Copyrighted Works), as well as some legislative changes and court decisions. An analysis of comparative law reveals the following principal trends:
  - a) Exclusion of patent legislation as a means of protecting software, unless this software includes a patentable invention. In this connection, the regulations of the Munich Convention on European Patents can be cited, and some court decisions (e.g. Diamond vs. Diehr and Diamond vs. Bradley, in the United States, and the Schlumberger case in France, all from 1981).

b) In several countries, the courts have found, to varying degrees, that copyright legislation does apply. Such is the case in Canada, France, the Federal Republic of Germany, Japan, the United States, the Netherlands, and others. In certain cases (FRG, for example), there have also been negative decisions on the application of copyright legislation to software, however.

c) Legislative reform aimed at extending or clarifying the coverage of copyright laws (United States, 1980; Hungary, 1983; Australia, 1984); bills are also pending in France and India.

d) In some countries, on the other hand, a protection system distinct from copyright has been proposed. Japan has taken this position (although it appears recently to have abandoned it), and it is advocated in some legislative bills in Brazil.

e) To varying degrees, official studies carried out in France and Canada have also suggested the adoption of special legislation on this matter. This solution has been proposed recently in the United States and Japan with regard to the layouts of chips, the basic components of computers.

5. There is considerable debate abroad about the advantages and disadvantages of copyright as a means of protecting software. Advocates cite the existence of established principles and tradition in doctrine and jurisprudence. Software exporting countries also cite international conventions (the Bern Convention and the Universal Convention on the Protection of Literary and Artistic Works) which are valid in most countries of the world. Critics, however, note the following:

- a) the excessive lifetime of rights (50 years or more)
- b) the lack of an adequate balance between public and private interests
- c) the difficulty of applying the concepts unique to copyright law to an essentially new and different technological phenomenon
- d) the limitations of protection, in that it covers only expression (and not contents), and that it is not applicable to the use of programs

6. A multitude of questions for which it is doubtful that a clear and homogeneous solution can be found arise within the framework of the copyright law of many countries (especially those with "continental law" systems). Among these issues are the problem of protecting the object code (that is, the program that is machine-executable only), the application of the concept of originality, the elements that constitute "plagiarism," the ownership of programs written by employees, the scope of "private use," and the requirement that the material be in physical form so that a "copy" can be preserved.

7. An analysis of the situation in Argentina reveals that the supply of basic software and "packages" is primarily imported. Efforts are being made to develop local activity (and some noteworthy successes have already been achieved) in the area of applications. The national government has a policy of actively promoting such development, as indicated in the Report of the National Informatics Commission, dated October 1984.

8. Argentine patent legislation, as the National Office of Industrial Property noted at one time, is not applicable to software in and of itself. The intellectual property law (Law No. 11,723 of 1933), like its counterparts in other countries, contains principles and mechanisms that could possibly be extended by the courts to computer programs, at least in the source-code form. No court decisions have declared this, however.

Similarly, there are doubts about the protection of work not perceptible by the senses ("object code"), the scope of "private use" (a nonregulated aspect), and the concept of reproduction.

9. As for international copyright conventions, Argentina has signed the following:

- a) Treaty of Montevideo on Literary and Artistic Property, 1889 - Law No. 3,192 (1894)
- b) Buenos Aires Convention on Literary and Artistic Property, 1910 - Law No. 13,585 (1949)
- c) Washington Copyright Convention, 1946 - Law No. 14,186 (1953)
- d) Universal Copyright Convention, Geneva, 1952 - Decree-Law No. 12,088/57
- e) Bern Convention on the Protection of Literary and Artistic Works, 1886, completed in Paris in 1896, revised in Berlin in 1908, completed in Bern in 1914, revised in Rome in 1928, and revised in Brussels in 1948 - Law No. 17,251 (1967)
- f) Pact establishing the World Intellectual Property Organization, Stockholm, 1967, and Paris Act of the Bern Convention of 1971, with the exception of the basic norms (Articles 1 through 21) which are still governed by the Act of Brussels of 1948, and of the protocol for developing countries - Law No. 22,195 (1980)

It should be noted that our country has not ratified the Act of Paris of the Bern and Universal Conventions, so the special norms for developing countries (such as those referring to nonexclusive publication licenses) do not apply to it.

10. Although legal protection for intellectual creations is not enough to stimulate creative activity (as proven by the 100-year life of patent legislation without any invention of significance being created in this country), it is an element that could contribute to such stimulation. The creation of a local market and technological and financial support probably occupy a key place in any software production promotion policy. In addition to encouraging the production of software, the widespread dissemination of computer programs should be promoted as much as possible so that the use of the tools of informatics can be spread throughout society.

11. In summary, from this brief overview of the local and international situation it is clear that a legal software protection system should be promoted, with the following objectives:

- a) to overcome the limitations and uncertainties that arise from current copyright legislation
- b) to achieve an adequate balance between public and private interests
- c) to promote the local production of computer software

12. Two possible legislative approaches could be used to attain these ends. The first would be to draw up specific norms that take into account the peculiar nature of software, its forms of production and marketing, and the copyright principles which are applicable in all cases where it is not specifically dealt with (opinion of Drs Correa, Laquis, and Suarez Anzorena). The second would be to reform some aspects of the intellectual property law, such as the lifetime of rights, private use, and type of contract and license (opinion of Dr Villalba).

8926

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SCIENCE AND TECHNOLOGY

ARGENTINA

# ECONOMIC POLICIES TO ENCOURAGE S&T

Buenos Aires LA PRENSA in Spanish 19 Sep 86 p 15

[Text] Economy Minister Juan Sourrouille stated that "Argentina needs to modernize its existing industrial patrimony, stimulating the incorporation of high-technology goods."

Speaking at the 9th Plenary Meeting of the Argentine-Japanese Mixed Business Committee, Sourrouille stated that "Argentina hopes to receive more capital, technology, and financing from Japan. In other words, it hopes to receive active support for overcoming the restrictions imposed by the heavy foreign debt with the only valid alternative available to us."

In his speech, he indicated that "the market expansion that results from the integration process will make this investment efficient in those sectors where the scales of production are a key factor."

He stated that "the country should strive to implement selective industrialization in the area of cutting-edge technologies, and redefine the criteria for allocating public resources earmarked for industrial promotion."

He cited as an example the fact that "in the field of high technology, the system governing the electronics sector has been reformulated. This is the first sector for which a structure of incentives gradually phased out over time has been devised. Also included in this structure are automatic imports, the promotion of commitments for exports, research and development, and prices and quality levels that are reasonably competitive."

He said that "the government is stimulating projects that connect the science and technology community with private industry in specific programs, in biotechnology, informatics, communications, and new materials."

In another part of his speech, he pointed out that "privatizations are part of the series of measures we have in mind. The national government has decided to send Congress a bill that was drafted on the basis of other bills on which the legislature has already reached a consensus, in order to obtain the necessary authorization to undertake a program of total or partial privatization of public enterprises."

He explained that "to achieve these objectives, the idea is to support these firms in obtaining external financing, including cooperation from the World Bank."

BRAZIL

## STRATEGIES IN RENEGOTIATION OF FOREIGN DEBT DESCRIBED

### Mexican-Type Advantages Sought

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Oct 86 p 23

[Text] Brasilia State Agency--The advantages granted by the foreign banks to Mexico, including a sizable reduction in spreads (risk rates) collected from that country, will be the point of departure for the new round of negotiations on Brazil's foreign debt, as Finance Minister Dilson Funaro and Planning Minister Joao Sayad told President Jose Sarney yesterday, during a meeting held at Planalto Palace. The ministers appeared greatly optimistic regarding Brazil's chances of procuring payment terms even better than those attained by Mexico, during the next round of negotiations with its creditors abroad.

According to Ministers Funaro and Sayad, if the banks are willing to grant a series of advantages to Mexico, whose economy has encountered greater obstacles to an adjustment policy than has that of Brazil, they will have no reason to refuse to benefit Brazil, which has been an exemplary client, with timely payment of its commitments.

### IMF

As was reported at Planalto Palace at the conclusion of the meeting with the president, the ministers do not think that Brazil will fail to accrue certain advantages in the negotiation of its foreign debt because of its refusal to accept monitoring by the International Monetary Fund (IMF).

As they explained to President Sarney, the foreign private banks have already calmly accepted the Brazilian Government's position of not being monitored by the IMF. They claim that those who have been reluctant to abide by this position are the representatives of the Paris Club (officials of the wealthy countries' governments), particularly the officials from the United States Government. This (they admit) creates a certain problem for Brazil, which owes the Paris Club \$7.9 billion. But they consider this to be "a problem that is quite manageable," in view of the fact that Brazil has unilaterally decided to establish its own method of paying the interest on the foreign debt contracted with the Paris Club, without any negotiations occurring. If this negotiation still fails to occur because the country will not accept the Fund's monitoring, then, according

5 November 1986

to Sayad and Funaro, all that needs to be done is to leave matters as they are. Brazil would continue paying what it owes unilaterally and, as Minister Funaro reiterates, the Brazilian Government "is sure that no one will return the check." As for the debt payments to the Paris Club, they too will continue to be made, case by case, through individual arrangements with each one of the creditors, specifically.

#### Mexico

As was announced at Planalto Palace, the finance and planning ministers think that the terms granted by the private banks to Mexico in the renegotiation of that country's foreign debt are an auspicious occurrence for all the other debtors, and primarily for Brazil, the principal debtor. The ministers point out that the bargaining power of all the debtors has actually been strengthened by the Mexican example.

Prominent among the terms granted to Mexico by the foreign creditors is a lower spread of 0.8125 percent (as opposed to 1.125 percent charged to Brazil), but only for the new money; the granting of new loans amounting to \$500 million, in the event that the country fails to show economic growth; and a study of the granting of further advantages or a reduction in the flow of payment, if oil prices undergo another decline on the international market.

#### Precedent

Although, according to the Brazilian Government's position, Brazil does not require new money from "jumbos" or consolidated packages of fund contributions, it is of the opinion that the setting of a lower spread rate will afford a certain precedent for the general negotiation of lower rates. The new money that Brazil wants (the ministers recalled during the meeting with the president of the republic) is money coming from voluntary loans.

Besides the issue of Brazil's foreign debt, at the meeting with the president the finance and planning ministers also examined matters relating to the supply area.

#### Paris Club Agreement Favored

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Oct 86 p 28

[Text] Yesterday, the finance minister, Dilson Funaro, announced that the making of an agreement with the Paris Club rather than an arrangement with the creditor banks is an alternative that Brazil might seek in the process of renegotiating its foreign debt; also noting that, in his recent contacts abroad, he has observed less inflexibility among bankers regarding Brazil's position of not subjecting itself to IMF monitoring.

According to Funaro, an agreement with the Paris Club "would make it much easier" to bring about a multiannual restagging of the remainder of Brazil's debt to the banks. The minister noted that, during the negotiations, Brazil

could attempt such a strategy, depending upon the progress of the contacts with the banks."

The minister also remarked that a stalemate was not created between Brazil and the creditor banks and governments belonging to the Paris Club as a result of the treatment that Brazil received during the IMF's annual meeting. According to the minister, the non-inclusion of Brazil's name in the praise given by the American president, Ronald Reagan, and by that country's secretary of the treasury, James Baker, during the meeting, "did not isolate Brazil."

#### Praise

Funaro claimed that Brazil has international recognition for adjusting its economy with growth and a reduction in inflation. He gave a reminder that the Fund's director, Jacques de Larosiere, who is leaving, praised Brazil, as did James Baker himself. The minister explained that the praise from the secretary of the treasury was given during a party held by a United States economic magazine.

Funaro reaffirmed the fact that Brazil's positions are still "irrevocable." He said: "We want to return to the international market and to make an arrangement with the creditors and the Paris Club without IMF monitoring." As he remarked, not even the possibility of making an agreement with more lenient monitoring, as in the case of Venezuela, which made an arrangement with the World Bank (IBRD), is in Brazil's plans.

He harshly criticized the willingness of the developed countries and creditors to maintain "the inflexible rules for relations created 3 years ago." According to Funaro, they are not warranted, particularly since the worst of the international crisis has been surmounted. According to the minister, the breaking of that inflexibility will be an important step, not only for Brazil, but also for all the other debtor countries, "because we shall be living in a better world."

#### Finance Minister Explains Position

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Oct 86 p 20

[Text] Washington--Yesterday, the finance minister, Dilson Funaro, denied that the Brazilian Government was ready to adopt a unilateral solution to the problem of the foreign debt as of this December, if an agreement were not reached with its creditors by then. "What I said was that we are negotiating some terms and that we hope to have, by the year's end, sufficient evidence to make an assessment and then make a decision. But, from the talks that I have had during the past few days with representatives from the Paris Club and bankers, I can give assurance that we shall reach an agreement and achieve normalization of Brazil's relations with the international financial market."

What the Brazilian Government expects from the negotiations with the Paris Club, a group of creditors responsible for approximately \$8.7 billion of Brazil's



foreign debt, are two guarantees: a. that, when the agreement has been signed, the official credit agencies which have been closed to Brazil for 2 years will be reopened; and, b., that the Paris Club and the creditor banks will agree that Brazil's relations with the IMF may be carried out without signing a formal agreement and without monitoring.

Funaro said that the Brazilian position in those negotiations is quite clearcut: Brazil will not conclude a formal agreement with the IMF because, during the 4 years that the previous agreement lasted, the country made great sacrifices and, during the period from 1983 to 1986, it paid \$44.5 billion abroad in the form of interest, profits, and other capital gains, having received only \$10.6 billion in new funds. According to the minister, this situation cannot continue.

"It is on this point that I insist. I shall not sign any document unless there is a guarantee that the official credit agencies will be reopened." The minister explained that the negotiations are being conducted on two different fronts: with governments of the Paris Club member nations and with bankers alone. In those negotiations, the greatest resistance encountered by the Brazilian negotiators has been the IMF's demand for collateral security."

Since the Brazilian Government made the policy decision not to return to the IMF formally, Funaro has been attempting to persuade the representatives of those countries that the collateral security already exists, as a result of Brazil's participation in the Fund's commissions and the relationship based on the fourth article. In this respect, Funaro admits that a positive report on the Brazilian economy made by the Fund would facilitate the negotiations.

#### Document Lists Government's Terms

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Oct 86 p 30

[Text] Brasilia State Agency--The government has already lined up various measures and proposals relating to the direction to be taken in the matter of the foreign debt, ready to be put into effect when the signs of discreditation of the Cruzado Plan among the population are considered significant. Combined in a dossier entitled "Options for Public Opinion," the measures will be aimed at stimulating the nationalist sentiment, so as to indirectly pressure the international creditors for political handling of the debt, the basis of which would be focused on two notions: national sovereignty and rejection of recession. In the bargain, Planalto hopes to achieve a strengthening of the Democratic Alliance in the elections to the Constituent Assembly.

Prepared by various government movements which uphold a nationalist rhetoric in the matter of the debt, the dossier contains seven points which, according to government sources, were taken by Finance Minister Funaro and Planning Minister Joao Sayad to the meetings with the international creditors in Washington. Following is a summary of them procured by O ESTADO and JORNAL DA TARDE on an exclusive basis.

1. The rhetorical basis of the government's strategy should rest on the notions of sovereignty and saying "no" to recession, emphasizing that the transfers abroad cannot continue at from 4 to 5 percent of the GDP. This rhetoric must have as grounds the fact that Brazil is negotiating in a different manner, guaranteeing investments (even external ones) and its options for economic growth.
2. One of the elements in the new rhetoric could lie in Cartagena, engaging in concerted action in terms of Latin America, although, concretely, negotiating alone.
3. Insisting on a reduction in the risk rate (spread) for the entire debt, and not just for the renewed portion. According to the document, there is room for Brazil to set quite favorable terms, because in some United States financial centers there is already talk of eliminating the spread totally.
4. Guaranteeing the creditors that there will be no discussion of the legitimacy/legality of the debt, allowing Brazil to operate on the basis of terms of payment and need, extending the debt profile.
5. No longer insisting (nor being carried away) in the discussion that the IMF be excluded from the negotiations and that technical commissions from the Fund be present in Brazil.
6. In the action to mobilize public opinion, the government should seek the attractive elements, abandoning others, such as the agreement currently under way with the private banks, because it does not have "any enticement that could make it saleable to the public."
7. It has become attractive to the government to sell certain ideas, even those considered radical by certain movements, which could be rescinded later.

#### Aggressive Rhetoric Seen Detrimental

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Oct 86 p 3

[Text] President Jose Sarney should pay proper attention to the comments made by former Minister Mario Henrique Simonsen, who recommends that Brazil give up the aggressive rhetoric in the negotiations with the creditor banks and with the International Monetary Fund. A former finance minister well informed on the area of international finance, Professor Mario Henrique Simonsen knows very well that it will not be with veiled threats that the heads of the foreign banks will be convinced to accept impositions from the Brazilian Government to settle the foreign debt commitments. The change in rhetoric does not mean giving up principles that good sense would term non-negotiable: it would only reflect the Brazilian Government's capacity to evaluate situations and to know how to change a discourse that is leading nowhere, except to greater suffering for the people and greater concentration of power in the hands of the state, thwarting the plan for construction of a free, open society.

At the risk of repeating ourselves, we deem it fitting to reiterate the fact that the positions that we have been upholding since the furies became unleashed during the exchange crisis in 1982 are perhaps even more stringent than the propositions held by the group heading Brazil's economic policy. We have always criticized the U.S. Government for having imposed upon the international financial system the decree whereby the dollar, with its value no longer referred to that of gold, became, de facto, the currency for international exchange. We have always cited the American public deficit as one of the causes for the inflation in the United States and the high interest rates, bringing about crisis in the international financial system, which has directly affected Brazil. We have always raised our voices to show, long before the Sarney government did so, how unfair the situation of developing countries, such as Brazil, was, converted into net exporters of capital, and thus contributing to easing the balance of payments problem of the industrialized countries, particularly the United States.

These are facts which neither the economists nor the high-ranking government officials in the United States can deny; just as one cannot contest the evidence that the transfer of nearly 4.5 percent of Brazil's GDP abroad to pay for foreign debt services has imposed severe limitations on domestic economic growth, deferring the incorporation of the great suffering masses into consumer society indefinitely. However, adopting an aggressive strategy against the creditors, with a desire to impose terms on them to enable Brazil to honor its commitments, would be a very long step, and all the more so since gratuitous confrontation with the IMF is a component in that strategy.

In fact, the crux of the matter of an understanding with the creditor banks and with the Paris Club (in the final analysis, with the OECD governments) lies in a Brazilian political factor of a solely and exclusively internal nature: To mark a definitive separation between the government of the New Republic and the military governments, President Jose Sarney decided that his government would not make agreements with the International Monetary Fund, because the foreign debt could not be paid with the people's poverty. It is not fitting to embark on an analysis of the real essence that this position contains; suffice it to stress, once again, that it stems from a political option which is by no means the one suited to the plan for an open, democratic society which it was intended to build when the nation joined forces to elect Tancredo Neves.

The document which O ESTADO and JT procured in Brasilia, which we published in our edition yesterday under the title "Debt Could be a Topic of Government Propaganda," clearly reflects the ideological bias to which we have referred; which is leading the Brazilian Government's negotiations with its creditors to a stalemate. What is said in that document? That the government should stimulate the Brazilian people's nationalist sentiments to exert pressure on the creditor banks and the industrialized countries so that they will agree with the terms of the Brazilian positions. Why agree? What should they fear? This is the question that should be posed before the executive branch heads toward that demagogic route which is highly detrimental to national unity, and to Brazilian interests.

When the document mentions the fact that the negotiations should be held from a position of strength (regarding sovereignty, and not recession), it hints that the IMF is violating the national sovereignty. Then it should explain to the nation why it continues to be a member of that institution, to which the Soviet Union has been making overtures for joining it. Then, desiring to convert the Cartagena Group into a forum for a new "declamatory" action (after all, anyone utilizing rhetoric is a mere declaimer), while Brazil negotiates alone, means exacerbating the tensions between South America and the United States, in addition to imagining that the governments of the Latin American countries are not bright or adequate enough to perceive that Brazil might be making use of them in the Cartagena Group to receive better treatment from the United States. Obviously, a spurious position, from start to finish.

While the executive branch keeps within the confines of numbers, pointing out the atrocities to which the crisis in the world financial and economic system is subjecting nations such as Brazil, one cannot fail to admit the justice of the cause that it is defending; however, when it launches into demagogic exercises, regarding coffee strategy of SENA's [National Senate] left wing to intimidate the United States and the international financial system, it not only causes grief but also arouses reaction on a high level.

For the document entitled "Options for Public Opinion" to faithfully reproduce the predominating mentality among its authors and the president's advisers, it would have to add that Brazil's new strategy would make use of the resumed ties with Cuba to pressure the White House, and would make an appeal to Comrade Gorbachev to give assistance to the Brazilian Government's struggle against "North American imperialism."

Without overdoing rhetoric, and without "declaiming" anything, Mexico managed to renegotiate its debt, paying a low spread, which is what Brazil wants. It sufficed merely to show to the IMF what the tolerable limits for the Mexican economy were, within the Fund's (now expanded) parameters. The Brazilian Government, inspired by nationalism and thinking of the November elections, by no means intends to yield in its arrogance. It remains to be seen how long, and at what price to the Brazilian people.

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BRAZIL

TAIWAN SEEKS JOINT VENTURES IN INFORMATICS, OTHER AREAS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Sep 86 p 21

[Text] A mission of five marketing specialists from Taiwan (formerly Nationalist China) is visiting Brazil in search of trading partners. The country has an annual volume of foreign trade of \$50.8 billion, of which \$30.7 billion is exports and \$20.1 billion is imports, and it intends to invest the \$10.6 billion surplus in new markets, mainly in imports of raw materials.

In Brazil, the group from Taiwan is interested in investing in joint ventures in the areas of informatics and pig iron, among others. The mission will be in Brazil until Sunday, when it departs for visits to Chile, Argentina, Venezuela and Mexico.

On the basis of contacts with Brazilian businessmen, 16 representatives of the industrial groups of Taiwan will come to Brazil in March 1987 for more specific negotiations.

The Chinese are interested in buying chemical products, iron ore, cellulose, coffee, fruits and shoemaking machinery, reported Ingo Zadrozny, president of the Association of Brazilian Exporters. This direct visit to the market is due to Taiwan's import decline in recent years, especially raw materials, upon which the country depends to keep its industrial capacity busy. Brazil maintains only trade relations with Taiwan. Diplomatic relations were severed immediately after renewal of relations with the People's Republic of China. As a result, the volume of Brazil's exports to Taiwan fell even more (from \$197 million in 1982 to \$133 million in 1985).

According to the chief of the mission, Yueh-Chyou Wen, the excessive surplus of Taiwan's economy is becoming a problem to the extent that idle money tends to push the nation's inflation rate higher. In 1985 inflation was zero, but recent studies indicate it rising over the intermediate term. The intention of Taiwan industrialists to begin manufacturing electronic equipment in Brazil, despite their sharing with Japan a large part of the world market, has the purpose of increasing their market share. Moreover, Wen reveals, Brazilian labor is much cheaper, whereas in Taiwan the minimum [monthly] salary is \$250.

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BRAZIL

# RIO GRANDE DO SUL PROPERTY OWNERS ARM AGAINST INVADERS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Sep 86 p 10

[Text] Porto Alegre--Thousands of Rio Grande do Sul [RS] rural property owners are armed, ready to help each other throughout the state, and will strongly resist any attempt to encroach upon their land. That was asserted in Carazinho (RS) yesterday by the president of the Pact for Unity and Rural Response (PUR), Vali Albrecht, in commenting on the decision, announced by leaders of the "landless" movement, that they will occupy in the next few days the areas that have been declared by the government as of social interest for agrarian reform. "Trespassing is an aggression that will be met with aggression. They had better think twice before taking over any area, because they will have a very distressing experience, an experience that may cost lives. We can close off an area in a matter of a few hours. They can come with cross and rosary up front, along with 'red' priests, and they can be sure that we are not going to handle anyone with kid gloves. They had better not fool with us, because we will not be responsible for what might happen. These people could be dragged to the top of the slope over there, and what will happen there will not be very pretty," said Vali Albrecht.

According to the PUR leader, the rural property owners are relying on the state PM [Military Police] brigade to protect their rights, "but if government action fails, we will take the field." Albrecht stressed that the rural property owners are well armed: "This is normal, because those who live far away from safety must be prepared to provide first aid with their own hands." He asserted that the property owners are ready to shift from one side of the state to the other to help put down occupation of any area. He mentioned that the proprietors themselves will go to the area, not requiring their employees to do so: "A farm hand is hired to do a specific job. He goes only if he wishes, voluntarily, and there are farm hands who say that, if the boss should die, they want to die at his side."

According to the president of the Pact for Unity and Rural Response, "the so-called 'landless' are giving the farm worker a bad name. They are really a bunch of bums and loafers who want to go on living at others' expense, getting drunk and drinking rum while the rest of us work. I didn't have any land either until I was 30 years old, but I never took my wife and kids to the side of the road hoping that some bum of a priest or a shameless nun would bring me milk."

Asked whether the rural landowners belonging to the PUR have prepared themselves to defend the 10 areas declared of social interest for purposes of land reform,

and that are threatened with occupation by the "landless," Vali Albrecht asserted: "A half dozen PM soldiers can beat up those bums as if they were dogs." And he added: "And if there aren't enough soldiers, we'll join them voluntarily, in civilian clothes. What is certain is that if the squatters come in at night, they'll leave at night."

"We are heading down a very serious road and it looks like as long as there isn't any violence this nonsense isn't going to stop," continued the PUR leader, to whom the "landless" movement is entirely manipulated "by interests outside of the country, of international communism, that want to destabilize our production system because, when hunger takes over Brazilian households, their job will be easier." He added that it is clear that the "red" influences in Brazil are the Sole Central Organization of Workers (CUT), the Workers Party [PT] and segments of the church.

For his part, the commander of the military brigade, Col Nilso Narvaz, made it clear that he will not permit the announced land occupations, as they would be in violation of the law. "When it's a matter of blatant illegality, an open takeover, we have obligations to meet," said Narvaz, stressing that he has instructed all battalion commanders and mounted police regiments in the state to keep the troops on a constant state of alert, "so that we can quickly adopt whatever measures are necessary." He revealed that police of the military brigade are already standing watch over not only the 10 areas declared of social interest for purposes of land reform, but also several other properties in the state that could be occupied.

"We are appealing to the so-called 'landless' not to use illegal measures, forcing us to take action," the Military Brigade commander said. And he asserted that if the announced "march" of the "landless" takes place, involving the areas they want to occupy, he will station soldiers on the properties: "We are adopting preventive action in order to avoid the use of repression." Col Nilso Narvaz added that "failure to protect the rights of the citizen is not possible in our organization." To him, the "landless" movement is infiltrated "by elements who want agitation, disruption of the social order." But he did not wish to identify the groups to which such agitators belong, recalling that government authorities have already done so.

#### Justice

Francisco Codorniz, attorney for several RS landowners whose lands have been declared of social interest for land reform purposes, has announced that if the government does not adopt the measures necessary to prevent the occupations, he will institute actions requesting the court to order the Military Brigade to protect the areas. The lawyer said that the squatters can be indicted not only for the specific crime of trespassing, covered in the Penal Code, but also for the misdemeanor of disobeying a court order. According to him, most of the owners of the areas declared of social interest for land reform purposes have obtained preliminary rulings--including from the Federal Supreme Court--staying the consequences of the government acts.

Meanwhile, the meeting of the Agrarian Commission scheduled for yesterday was canceled, at which new legal proceedings involving the areas subject to expropriation were to have been analyzed. The reason for the cancellation was that the Federation

of Agriculture decided not to send its three representatives, in a twofold retaliation: against the declarations of the leader of the Fazenda Annoni squatters, Marli da Silva Castro (designated to be one of the representatives of the Farm Workers Federation on the Agrarian Commission) to the effect that more invasions will be initiated; and against the statements attributed by the local press to the regional superintendent of INCRA [National Institute of Land Reform and Settlement], Egydio Schlabytz, to the effect that rural enterprises could be expropriated.

Also yesterday, Governor Jair Soares told a committee of the Fazenda Annoni squatters that he will not permit invasions. They went to Piratini Palace to request "safety" for the "hike" they intend to begin Monday, and reiterated that they intend to occupy the 10 areas.

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BRAZIL

RAW MATERIALS PRICE DECLINE CAUSES MILLIONS IN LOSSES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 Sep 86 p 27

[Excerpt] Brasilia--The low prices of commodities on the international market have cost Brazil several million dollars, and the losses did not have greater impact on the trade balance only because the nation gained on the import side, as in the case of crude oil. Figures from the Foreign Trade Department of the Bank of Brazil (CACEX) indicate that in the last 8 months there was a loss of \$123 million on exports of coffee beans and of \$790 million on the sale of petroleum derivatives, as a result of the decline in raw materials prices.

From January through August, lower prices for crude oil saved the nation \$1.56 billion, an amount that is also the result of increased domestic output. On purchases of wheat, there was a gain of \$290 million during the same period. The director of CACEX, Roberto Fendt Junior, reported that this year there has been a 27 percent decline in revenues from petroleum derivatives, coffee, tin and soybeans, depriving the economy of \$1.37 billion. One specific case is that of soybeans: in addition to low prices abroad, there is a shortage of output for export.

Commodities represent 33.58 percent of Brazil's total exports, according to CACEX. Despite the price decline, coffee has managed to retain its historic leadership of the country's export sales, with a billing during January through August of \$1.65 billion, compared with \$1.77 billion during the same period last year (a decrease of 6.96 percent).

Although on the one hand it is losing money on commodity exports, on the other hand Brazil is gaining by importing rice, meat, beans, milk and corn at low prices. During the last 8 months, expenditures were \$167.1 million for rice; \$106.7 million for meat; \$7.11 million for beans; \$35.4 million for milk; and \$174.7 million for corn, totaling \$491.8 million.

Among exports of processed and manufactured goods, other than petroleum derivatives, sales declined for orange juice and refined soybean oil. Thus, the three principal items under this heading all had lower sales. On the other hand, there were increased revenues for refined sugar, footwear, transportation equipment, boilers, machinery, apparatus, electronic instruments, raw aluminum and others.

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BRAZIL

## CRUZADO PLAN TO BE ADJUSTED IN FISCAL, MONETARY AREAS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Sep 86 p 21

[Article by Milano Lopes]

[Text] Brasilia--The government is convinced that adjustment of the Cruzado Plan, with corrections designed to restrict demand and generate additional government revenue, will have to be done simultaneously in the fiscal and monetary areas, in order to spread the burden without fostering an excessive transfer of income from the private to the public sector or causing a recession. This revelation is from sources in the Planning Ministry.

As in previous actions--the program announced on 28 February and its supplement on 23 July--the new adjustment is being conducted in secret. Additional measures are being taken to prevent leaks, such as those occurring when the compulsory loan package was initiated, which, in the view of its authors, had a prejudicial effect on their work.

This preoccupation with secrecy is even greater in view of the known resistance by Planalto Palace to another tax increase, although the ministers of the economic area have demonstrated to the president the occurrence of a real decline in the tax burden in comparison with the previous decade. But Planalto continues to insistently deny any intention on the government's part to raise taxes, as do the ministers of planning and of finance.

### Instruments

When questioned about measures for adjusting the Cruzado Plan, Planning Minister Joao Sayad prefers to acknowledge the obvious, in that there is no alternative for any corrections other than using instruments of monetary and fiscal policy. Beyond this academic observation, he remains silent. But it is known that simultaneous use of the two instruments would signify less of a tax squeeze, involving adjustment of income-tax withholding rates affecting higher salaries--more than 10 times the minimum salary--and measures to restrict credit, resulting from raising interest rates.

The adjustment on the side of monetary policy, in fact, is already being made, as the government economists note, recalling that a restrictive monetary policy is in effect, practiced by the Central Bank, as well as rising interest rates, which have surpassed the real levels prevailing before the Cruzado Plan.

Once the fiscal and monetary package is worked out, the degree of tightness of monetary policy will be determined, trying to avoid tightening too much for fear of initiating a recessionary process. A valve must be left open to assure funds for financing productive activity. These funds may be generated by investments in long-term instruments, the tax treatment of which will be substantially alleviated as of 1 October.

#### Salary Question

But there is an important item in the adjustment program now giving great concern to the government economic team: wage policy. The corridors of the ministries of Finance and of Planning echoed with displeasure regarding the recent decision of the Parana TRT [Regional Labor Court], which not only found the bank workers' strike to be legal but also ordered that they be paid for the days of the stoppage and even granted an 11 percent pay boost on the grounds of higher productivity.

The 5.8 percent pay raise granted the bank workers by the Sao Paulo TRT is also entirely out of bounds, in the estimation of the government specialists, who insist that wage adjustments not exceed inflation as measured by the "purged" CPI [Consumer Price Index] and the prevailing productivity indices for each sector of the economy, and not those arbitrated by a labor court.

These economists are also concerned about the generosity with which many industrial firms have granted pay raises to their employees, including advances, signaling increases for within 2 or 3 months much higher than government expectations. These specialists admit that there is room for such generosity, in that, pressured by consumer demand, these companies have quickly made use of their idle capacity, practically increasing their raw materials inventories without any substantial new investment. As a result, there has been an enormous increase in productivity, responsible not only for hiring more employees but also for granting commensurate wage increases, even in relation to unofficial rates of inflation.

This process, as long as it is temporary, is tolerable, but if it becomes permanent it could become a factor of instability for the Cruzado Plan, as it will inevitably result in higher prices and greater demand pressure. According to these economists, it is not a matter of imposing restrictions on wage policy but of enforcing the principle that wages must not again compete with prices.

8834

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BRAZIL

BRIEFS

USSR HYDROELECTRIC PLANT CONSTRUCTION--Curitiba--Upon returning from an official visit to the Soviet Union, Governor Joao Elisio Ferraz de Campos revealed in Curitiba yesterday that the USSR expressed an interest in pursuing discussions for its participation in construction of the Segredo hydroelectric plant. The Soviets want to furnish one of the plant's three turbines. The plant will be built by the Parana Electric Company (COPEL). "The state of Parana, aware of the federal government's concerns about diversifying imports from the USSR and about domestic participation in furnishing hydromechanical and hydroelectric equipment, will seek the solution that best meets the needs of the state and of the nation," the governor said. During his visit to Energomachxport in Moscow, Joao Elisio established as a condition for negotiations that the equipment be furnished in exchange for Brazilian manufactured products, with preference for products from his state. The request was well received by the Soviets, who must now submit a price and financing proposal. This newspaper was told, in Moscow, that the Soviet proposal will suggest annual interest of 2 percent, and 3 years' grace. Should the proposal be accepted by the entities that are funding the project (ELECTROBRAS [Brazilian Electric Power Companies], BNDES [National Economic and Social Development Bank] and FINAME [Fund for Financing Machinery and Equipment]), Brazil will submit to the Soviets a list of products it would like to export, for them to choose from. [Text] [Sao Paulo GAZETA MERCANTIL in Portuguese 12 Sep 86 p 15] 8834

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SCIENCE AND TECHNOLOGY

BRAZIL

ROBOTS TO AUTOMATE AUTO PLANTS, USE HITACHI TECHNOLOGY

Rio de Janeiro O GLOBO in Portuguese 22 Sep 86 p 17

[Text] Sao Paulo. Brazil's auto industry should be getting the first industrial robots made in this country by the end of this year. There are five robots which are already being produced by the Villares Company; they will be placed in the welding line for the Voyage and Paraty models of the Volkswagen cars which will be exported to the United States.

The robots employ the Hitachi technology which was acquired by Villares and involves the use of digital electronics. Volkswagen imported ten robots and will use five made in Brazil; future purchases will be made from domestic manufacturers. The same is true of other manufacturers in the auto industry. Ford, for example, has eight robots in its production line; all of them were imported.

According to Villares President Paulo Villares, the oddest thing today is that industrial entrepreneurs are obtaining details on the data processing procedure for their enterprises and that they are considering robotizing the plants.

Claudio Bardella, who controls the capital of Prensas Schuller, admitted that the trend from here on in is toward a search for high productivity through the use of fully automatic digital equipment which only improves product quality.

"We are selling automated presses with sophisticated digital controls. The trend is toward the automation of various industrial production lines. Fiat Auto purchased from Schuller a series of highly modern presses which we export to the United States for the new production lines of Chrysler," Bardella explained.

For Villares, robotics signify the presentation of a package of new products: process control systems; industrial automation systems; CAD-CAM systems; products for automation, such as robots, microcomputers, programmable software control units; graphic terminals; and data processing services.

The robot or programmable flexible unit called RV 6060 was launched recently in Japan and is one of the most modern models. The robot has a complete manipulator, a control unit, learning unit, cables, complete software for welding or assembly, manuals, technical information, interfacing with peripherals, operator training, training in programming, and maintenance training. The manipulator, control, and programming assembly weighs a total of 575 kilograms.

But the computer's use can be expanded with optional items: auxiliary and back-up memory, cassette deck; memory expansion, interface for communication with computers, microcomputers, and local networks; interface for printer; and other optional items.

To make the Hitachi technology transfer to Brazil viable, an agreement was signed with the Japanese company which was approved by the Special Secretariat of Data Processing. Within 4 years, the RV 6060 will be produced domestically to the extent of more than 80 percent.

In the first robots, the domestic production share will already come to 20 percent; the first part to be Brazilian will be the electronic area, followed by the mechanical part. The investments by the Villares Company in this sector will amount to \$5 million.

A technological advance in the Villares robot, with the help of Japanese Hitachi technology-- whose memory is stored in a system called magnetic bubble--will permit permanent retention of data even in case of electric power failure.

5058

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SCIENCE AND TECHNOLOGY

BRAZIL

SEI TO STANDARDIZE COMPUTER INDUSTRY

Sao Paulo RNT in Portuguese Jun 86 pp 32,34

[Text] When one goes to a supermarket in search of an electrical appliance, it is not customary to check whether the plug of the purchased device is compatible with the wall outlet at home. People who buy lamps also base themselves on that line of reasonings, without worrying about the size of the socket, and no one complains--but the food industry has saved millions of cruzados--since the number of colors in packaging was reduced to three. "That is standardization, which can and should be extended to other sectors of the market, including informatics," says Dorgival Brandao Junior, chief of the Data Processing Department of the National Institute of Industrial Metrology, Standardization and Quality (INMETRO). That was also the subject of the Seminar on Standardizations Necessary for Industrial Automation and Digital Instrumentation sponsored by the Special Secretariat of Informatics (SEI).

Adopted internationally as an efficient mechanism for improving productive and service sectors, standardization is beginning to take root in the area of Brazilian informatics, since no fewer than 200 persons attended the meeting in Campinas (SP). Stipulated by the Informatics Law, and desired by manufacturers of the sector, it is assuming the profile of a demand by the users, the principal sector prejudiced by the immense variety of technologies with which they must coexist, not all of which speak to each other.

Among the participants, there was a large number of users, particularly from the area of instrumentation, all of them anxious for adequate forms of standardization of their equipment. Although the need for standardizing the sector was a consensus, it was made clear that the task will not be easy. "It is imperative that the entire informatics community participate in the work of standardization, however, it is a long and thorny road," says Kival Weber, undersecretary for strategic activities of the SEI.

On the Path of Telecommunications

"The user of industrial automatic equipment needs a solution for his problems. In order for that to happen, it is necessary to standardize communications among the systems available on the national market," says Umberto Gobbato, chief of the Industrial Automation Department of the SEI. "In the area of digital instrumentation, in which are found biomedical,

analytical, telecommunications and process control instrumentation, among others, problems are varied and it is difficult to find a common denominator," complains Antenor Correa, technical adviser to the Department of Instrumentation of the Secretariat.

Both agree with the theory of Kival with respect to the problems of standardization because it requires parameters that are simultaneously accurate and all-encompassing: It is necessary to have well-defined concepts so that communications between products of different origins may be possible. However, it is also necessary that it be possible for new tools to be developed based on that standardization.

Therefore, much time will still be required before the informatics sector can be made equal--in standardization--with the telecommunications sector. "I like to observe that area because the advantages standardization brings are clear," says Kival, "Regardless of the type of telephone instrument selected by a subscriber of the TELEBRAS [Brazilian Telecommunications, Inc] System, he will always be able to speak with persons in any part of the world, thanks to a system of conversation standardized by means of common codes adhered to by all."

The first result of the seminar will be disseminated at the end of this month of June, when the document containing all the recommendations made by the participants in the meeting--representatives of all manufacturing companies, users and research centers--will have been consolidated. From that time on, the work will involve the Brazilian Association of Technical Standards (ABNT) and will make up part of the Quadrennial Plan for Standardization in Informatics (PQNI).

One of the most expressive demonstrations common to all groups is the fear that standardization will come to restrict the freedom of creation of new tools. "It is good that creativity be somewhat restricted, particularly by good sense," argues Antonio Tadeu Mendes Beraldo, director of Data Processing and Systems of Itautec and president of the ABNT commission on the standardization of graphic computation.

As far as Beraldo is concerned, standardization should be considered like a street map for a city. "With the map, no person in his right mind should try to go through walls, houses or rivers on foot," he supposes. In similar fashion, all the members of the informatics community should not be allowed to develop the tools they understand well, because overall development should be productive and harmonious."

In the task force devoted to graphic computation and CAD/CAM systems, recommendations deal with the involvement of the informatics community (business and university) in the effort to spread awareness of the need for standardization of each area of graphic computation; for the finding of human and financial resources for the universities, including national equipment, and particularly, the adoption of the GKS standard by the ABNT, with the support of the SEI, adhering to the standards already made official internationally.



The GKS is an international standard and, according to Beraldo, it is part of the intentions of the ABNT to adopt it in Brazil. "It is necessary to know what is happening abroad so that Brazil will not set itself to normalizing and standardizing other specifications in devil-may-care fashion," he says, warning of the dangers of delay in adopting international standards. "We run the risk of suffering the consequences of a disorderly piracy of already obsolete products. The proper attitude, in my view, would be to develop and import new technologies in an orderly fashion."

In the area of automation of manufacturing and process control, recommendations are similar to those of the graphic computation group. "Industrial automation has to be made compatible with other automated sectors," observes Umberto Gobbato. He points out that the advantages to the user of standardization are the guarantee of communications between the equipment acquired and the assurance that the product adheres to the specifications advertised by the manufacturer.

For the manufacturer, the advantages reside in the possibility of following established standards of production and in the expansion of his market, adds Gobbato, because "standardization only establishes the minimum limits of product quality and this raises the technological standards of the country."

Gobatto also emphasizes the importance of compatibility among the various automated areas, the object of a study by the standardization committee of the Secretariat. In its second meeting held at the end of May, the group discussed the adoption of a bar code more suitable for industrial automation, with initial preference for Code 39, which by means of code 2/5, will be able to communicate with Code EAN, which was adopted for commercial automation.

#### Difficult Consensus

With respect to nets and bar codes, the seminar produced emphatic recommendations, prominent among which was the request that the creation of the various ABNT study commissions be intensified, even when linked to different subcommittees, and that the dissemination of intermediate results and the basic texts for future standards be included.

Finally, the task force which discussed the considerations and recommendations in the area of digital instrumentation was the most agitated and also the most pressured by the participants. "The sector suffers the lack of standards because of the great diversity of instruments available and because of the lack of uniformity, conformity and information," mourns Mauricio Carvalho de Souza, representative of the PETROBRAS Research Center (CENPES). Reporter of the group, Souza complains about the difficulty in finding a common point with respect to the overturning of standards in government agencies such as the SEI, for example, allowing public access to the specifications."

Complex and heterogeneous, the instrumentation task force did not manage to come to an agreement during the holding of the seminar itself. For that reason a new meeting was scheduled for early June, meeting that will be open to all those interested parties of the sector, and at which the standards plan to be suggested to the ABNT will be discussed. "The lack of maturity of the debates caused that meeting," relates Antenor Correa of the SEI. In his opinion, the seminar made clear the need to provide manufacturers and users access to a certification of conformity, need which was made clear in all the recommendations. "Since the instrumentation sector is very new in Brazil, users tend to compare national products with imported equipment without taking some important aspects into consideration. Therefore, many times they feel ill-used and many times the certification of conformity may help to eliminate that unease."

### Standardization in Practice

There is no lack of attention to the standardization of instrumentation and computation in the Technological Center for Informatics [CTI]. Within approximately 60 days the Center's Institute of Computation should have its accreditation from INMETRO for issuing certificates of conformity for all equipment that contains lettering in the Portuguese language. According to Edgar Salvador de Figueiredo, chief of the Documentation and Standardization Division of the institute, it is an initiative that is going to benefit the user and the national manufacturer: "There are nearly 300 types of key-boards in the country. With standardization, that number could fall to less than five."

In the Instrumentation Institute, which since 1981, when it was created, has managed to cover 80 percent of its expenses with revenues from the development of projects, standardization and regulation, work is well advanced, according to Paulo Afonso Oliveira, chief of the Instruments Department. "The CTI tries to collaborate with the ABNT," says Oliveira.

The institute is also watching the medical-hospital area in which instruments are handled by persons without any knowledge of electronics. "It is difficult to find doctors willing to confirm something that is wrong with a piece of equipment that does not work," observes Trentino Polga, director of the Instrumentation Institute. That is why in addition to creating a study commission for the compatibilization of equipment based on international standard IEEE-488, the CTI has devoted itself to a work of selection, training and installation of maintenance and technical assistance teams in hospitals.

For Polga, the training of that team even contributed to the reduction of costs by buying equipment from the hospitals, in addition to providing conditions for the creation of a new attitude with respect to instrumentation. In his opinion, recommendations on standardization in the sector are not going to interfere with the progress of the activities of the institute he heads, but may increase resources for established priorities.

"Through that the process of standardizing and regulation of instrumentation may be accelerated," says Polga, complaining only that it is not possible to extend them to all sectors. "Regulation and standardization in Japan efficiently replaces legislation for the protection of the domestic market. In Brazil, part of the discussion on our informatics policy could be done away with by simply using standardized procedures, equipment and software," he adds.

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SCIENCE AND TECHNOLOGY

BRAZIL

# MODERNIZATION POLICIES TO AID COMPUTER INDUSTRY

Sao Paulo RNT in Portuguese Jun 86 p 36

[Text] Until recently the main complaint of the national informatics industry was the difficulty in capitalization and the high cost of money. Today it has a reasonable selection of options for strengthening its corporative structure; it needs to resort less to the financial system and, with the program of economic stabilization of the government, it has cheaper money available.

Just adding the resources at the disposition of the sector in the BNDES [National Economic and Social Development Bank] system and those liabilities that can be covered by Article 21 of the Informatics Law, the pot this year is around 1.2 billion cruzados, nearly \$870 million, the equivalent of a third of the sales forecast for this year of \$2.6 million.

By the third week in May, the Special Secretariat of Informatics (SEI) had revealed its lists of companies with projects approved for receiving resources through the reduction of 1 percent of their income tax. In the first list there were 15 companies, in their majority small and medium-size, located in Rio Grande do Sul--not all of them with immediate plans for going public. Only two large ones appear on that list: COBRA and Edisa. The second list had the names of the larger ones, among which are SID, Scopus and Itaotec. Of the 43 projects presented up to 17 February, 22 were still under study and the deadline for presenting plans was reopened, this time without a limiting date.

While the benefits of Article 21 help considerably in strengthening the corporate structure of an industrial sector which cannot stop investing and grows at the rate of 30 percent per year, they are not the only ones. The capital market is another path, and it has recently been traveled successfully by an increasing number of companies. Up to January, only eight companies of the sector had gone public: Scopus, Eletrodigi (later Flexi-disk), Polymax and Elebra, as of 1985. The excellent results of those sales of shares must have impressed other companies of the sector. Last year informatics company stocks moved something like 1.4 trillion cruzados on the Rio and Sao Paulo stock markets and were in second place in profitability, surpassed only by those of the financial conglomerates. Moreover, according to the Equity Shares Commission (CVM), of the nearly 5.4 trillion cruzados

of money attracted in the market in 1985, 10 percent went to the informatics companies. Up to the end of May, Novadata, Microtec, Labo, Multitel and Edisa had negotiated shares on the secondary market, and Racimec and Moddata announced their going public.

There is still another option, as Labo did with Investec: Partnership with a risk capital company, which through a holding company gathers resources on the market, passing them on to the partnered manufacturer of informatic goods. In addition to that, the Funding Authority for Studies and Projects (FINEP) linked to the Ministry of Science and Technology (MCT) is studying a program for promoting the going public of small leading edge technology companies--and the informatics sector is also present here. Whoever is interested in having the BNDESPar as a partner, must also go public as of now.

The manufacturers of informatics goods still have other incentives available to them, which are stipulated in the PLANIN and to which they can resort: research and development, human resources and production of micro-electronics. There are another 10 projects of companies under study in the SEI for analysis as to their qualification for access to those benefits.

Incentives, however, are not only those given directly to the manufacturers of informatics products. Indirectly, the sector is benefitted fully by the industrial policy practiced by the government, whose emphasis is the modernization of the industrial park of Brazil, which means its automation.

To do that, the industrial companies have resources and financing available in the programs of support for technological development of national companies. In FINEP alone there are 340 million cruzados available this year for a demand of 390 million cruzados, in addition to the BNDES system financing lines, which are very attractive in terms of cost and periods during which no payments have to be made.

Despite the fact that in practice the government is putting an industrial policy into effect, it is actually preparing one which appears to it to be more suitable. Sectorial groups made up of technicians from SEPLAN [Secretariat of Planning], MIC [Ministry of Industry and Commerce] and MCT are working to make detailed diagnoses of the capital goods industries (mass produced and on order), metal and nonmetal (chemical) supplies, durable and nondurable goods--an all encompassing survey which includes financial and technological conditions, production capacity and orders. It is on that basis, according to Luciano Coutinho, secretary general of the MCT, that it will be possible to "establish and coordinate the instruments of the policy that are to be used for resolving problems of capacity of production with a horizon of the next 2 years."

Among the sectors under study, Coutinho is most concerned about that of capital because with the recovery of the economy it may lose markets to the subsidiaries of the multinationals, whose capacity for technological updating is very rapid. He has no doubts as to the capabilities of the suppliers of informatics products in attending to the demands of the industry. That same certainty, however, does not exist with respect to the capabilities of the mechanical industry in producing the hydraulic and pneumatic circuits required for the mechanisms that allow the machines to respond to the commands of the computer.

SCIENCE AND TECHNOLOGY

BRAZIL

SUPPORT FOR STATE-RUN COMPUTER FIRMS TO INCREASE

Sao Paulo RNT in Portuguese Jun 86 p 38

[Text] Despite all types of problems and difficulties that have been marking its 12 years of existence (it was created in July 1974), the state company, Computadoras e Sistemas Brasileiros S/A (COBRA [Brazilian Computers and Systems]) is having a good 1986. Its entry into the framework of the Ministry of Science and Technology (MCT) made clear its role in the development of leading edge technologies in the area of informatics. Despite the fact that it is a state company, it had authorization from the Inter-ministerial Council on State Company Salaries (CISE) to redo its plan of positions and salaries, reinforcing the roster of personnel, which had been frozen almost a year ago, by nearly 600 new employees; it was qualified to receive resources through Article 21 of the Informatics Law; will receive a new contribution of capital from stock holders, and will go public.

All together the company expects to have resources on the order of 500 million cruzados this year: 300 million from stock holders, 110 million from private stock issues; and 100 million from a public offer of shares. That money already has a definite destination: Coverage of a 25-percent increase in the payroll, operating capital to strengthen sales (leasing) of the 1000 superminicomputers and renewal of the development of the X line.

It is the Brazilian informatics company that is the leader in sales (900 million cruzeiros in the period ending in March) in a first quarter that is normally not noteworthy as far as sales are concerned; it increased 10 percent by comparison with the same period of 1985, not counting the sales of line 1000 (12 systems sold up to May--five of which were sold right after the economic reform, of a total of 40 to 50 foreseen for this year). Demand promises to continue to be heavy for COBRA equipment and the production line has been working three shifts since February, as was reported by Antonio Taliberti Jr., communications manager for marketing of the company.

Up to now COBRA has not had any policy of sales in OEM (Original Equipment Manufacturing), although it considers it a good means for growth. Cases that appear are dealt with one by one. But there are innovations in that area according to Taliberti. In May COBRA was engaged in negotiations with a company for OEM sales of its base plates, and with another for its IBM compatible terminals. In the Business Pavilion, which the Brazilian Association of Computer and Peripherals Industry (ABICOMP) will install in

the next International Informatics Fair in Rio de Janeiro in August, COBRA will have a stand devoted to OEM, offering floppy disk units of 5 1/4 and 8 inches, Winchester disks of 300 and 600 Mb, base plates of the COBRA 210 (the same ones as those of the terminal line) and terminals compatible with IBM machines.

Traditionally COBRA uses direct sales as its main form of selling (38 percent of the total last year, 19 percent in 1984). In 1984, leasing represented 22.7 percent of sales and the remaining forms of selling were not very representative.

Although nothing indicates that COBRA is once more going to be at the mercy of political interference that was so marked in the past--since its creation it has passed through the hands of the Ministry of the Navy, the National Economic and Social Development Bank [BNDES], SEPLAN [Secretariat of Planning], Digibras, and the Ministry of Finance--its officials decided to establish a policy to preserve it. Therefore, since March, directorate and management met on Thursdays and Fridays in an internal strategic planning seminar, discussing everything about the company: What it is, where should it be headed and carefully surveying its technological and institutional aspects and its requirements in human and financial resources. The objective is the establishment of strategic planning with a horizon of 5 years and the submission of it to the MCT as soon as possible "so as to subsidize possible future directors," explains Taliberti. After all, the term of the present directorate expires in November and considering the possibilities of changes before that, because that will be a politically agitated month with the elections, the company's officials want to show what they think about its future. In May, the results of the seminar were being systematized.

#### Also the X Line

The 1000 line of COBRA is not being sold with the speed expected. "After all, in addition to the fact that people will not know very well where they are going to stick a supermini; no one gambles 40,000 OTN's [National Treasury Bonds] on an adventure," justifies Sergio Stanislauskas, product manager of the company. And although admitting that one of the great challenges of the equipment is its cost, he believes in its success on the market. "Today we have a strategy for shifting the COBRA 500 computers to the 1000 line that is well defined." He mentions the linkage of all the peripherals of one family to the other, in addition to adaptations that allow the transport of programs in Cobol with the use of a filter, and in direct Fortran. And as an extra attraction of the supermini, there is a mumps developed by COBRA itself, "an implementation of the best in data communications."

However, despite all the enthusiasm of Stanislauskas, today COBRA admits that the choice made of the 1000 line "inverted priorities in the company," in the words of its communications manager for marketing. However, Taliberti says that despite that, the progress of the prototype and the operational system of the X line (a family of microcomputers of 8 to 32 bits) were not affected. Be that as it may, there is no computer of the line on the market.

"Our desire is that it may happen by the Fall of 87," says Taliberti. The first one should be the X-M of 16 bits, followed by the X-2 of 32 bits and multiprocessing CPU's.

One of the factors for the delay in the new family would be in software, in a market virtually flooded with IBM compatible PC's, COBRA intends to enter with something more; for example, software packages ready for the user.

8908

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COLOMBIA

REACTION TO GOVERNMENT'S URBAN REFORM BILL MIXED

Real Estate Exchanges' Criticism

Bogota EL TIEMPO in Spanish 10 Sep 86 pp 1-A, 8-A

[Text] The Colombian Federation of Real Estate Exchanges [FEDELONJAS] leveled severe criticism at the urban reform bill submitted by the government to Congress, describing it as an "expropriation law," and a bill without any limitations; because it even permits the expropriation by private parties from other private parties, and hence it "would prove dangerous."

It cautioned that the bill requires substantial changes because, although it is actually feasible for the country in that it seeks the execution of public works needed for the development of the urban community, the association finds serious objections to it from the standpoint of expropriation by private parties and by any state entity, regardless of their nature.

It also had misgivings about the presale of land expropriated by the entities themselves if, after 5 years have elapsed, it has not been used for the proposed purpose; and about the lack of limitations and criteria in the bill, as well as the low interest rate for compensation.

Terming the government's bill an "expropriation law," it noted that genuine urban reform means reorganization of the cities, with a public services program and coordination among the entities participating in a plan to finance urban development, which is urgently required for the country.

It gave a reminder that the last coherent proposal for urban development was made 15 years ago, with the "four strategies" plan, and the program of cities within the city, devised by Professor Lauchlin Currie, aimed at the densification of urban areas, and sponsored by the local urban development enterprises.

Oscar Borrero, the president of FEDELONJAS, made the observation that: "During the past 25 years, eight urban reform bills have been submitted to the Congress, and the only one to be approved was that of Mariano Ospina Hernandez, during 1978; however, the Supreme Court overthrew it in 1980, because it considered it unconstitutional." He noted that the only urban reform on which action is

currently being taken in Congress is the one submitted by Jorge Valencia Jaramillo, of New Liberalism.

#### The New Bill Tolerates Anything

Nevertheless, he cautioned that it is not a matter of debating whether or not it is urban reform, and explained that FEDELONJAS would analyze it as an "expropriation law," considering it advantageous that it would be possible to speed up the expropriation of land for the construction of common projects in the cities, such as roads, mass transport, public services, urban renewal, and similar ones.

He was of the opinion that, although the general concept of the bill is acceptable, it is flawed in that it lacks criteria and limitations for the expropriation of urban land. "Anything goes," which could lend itself to arbitrary acts.

He remarked that it makes no sense for a government entity that has nothing to do with housing or urban development, such as liquor establishment, to be able to expropriate land for housing plans, as called for in the aforementioned bill.

He said that more precise definitions are needed, and this type of expropriation should be limited solely to the state entities charged with the construction of housing, such as ICT [Territorial Credit Institute], BCH [Central Mortgage Bank], and the urban development enterprises.

Borrero called attention to the opportunity given by the bill to private parties to expropriate; which, he claimed, could be used to commit abuses. By way of example, he noted how a private party interested in creating a shopping center in San Victorino, in Bogota, could force all the owners from a block or from the plots of land that it might need to sell "under the favorable payment terms called for in the bill." He added that this would mean legally fostering the amassment of wealth by a few, at the cost of others.

Moreover, he observed that the compensation, or payment for real estate through this type of expropriation, was not fair, because the proposed interest rates are lower than inflation.

He said that the interest rate would be 16 percent, compared with an inflation of 20 percent; which means that, for a property worth 10 million pesos, they would pay the owner 3 million pesos as an initial downpayment, and five annual installments of 1.4 million pesos. But if inflation remains at 20 percent, the person would not receive 7 million pesos (the total of the five annual payments), but rather 3.7 million pesos, owing to the currency devaluation.

#### It Does Not Acknowledge Appreciation

FEDELONJAS also objects to the manner in which the property's appraisal would be required of the Agustin Codazzi Geographical Institute, based on the stipulations of Article 11 of the bill, which indicates that the appraiser will not

take into account the changes in use made on the land during the previous 3 years, nor the appreciation resulting from works which other public entities have executed in the vicinity. The association's leader remarked: "This restriction is arbitrary, and disregards the true value of the land at the time of expropriation."

In commenting on Article 19, which states that the value of the real estate will be equal to the indirect damages, the head of FEDELONJAS noted that, in a compensation, there must be paid the value of the real estate, the indirect damages (harm caused to an owner because he was already prepared to construct a building), and the loss of profits (what the owner loses because of the expropriation process). Nevertheless, he cautions that the bill does not consider all these assets.

On the other hand, he emphasized that the resale of the expropriated real estate called for in Article 25 of the bill should not be allowed; because it would bring about an unwarranted enrichment of the public entities at the cost of the private parties. "It means transferring the citizen's increased value or appreciation to the state bureaucracy."

He claimed that if, for example, the lotteries should decide to expropriate land, under the pretext of building housing, first, they would pay a low price for it, waiting 5 years for it to appreciate, and then sell it without having made any construction program. Borrero said: "We would thereby be opening the door for the state ownership of all urban properties."

He also declared that the terms of the expropriation process are very short to enable the owner to defend himself against an appraisal with which he might possibly not be in agreement; which reduces "the chances for the legitimate defense of the injured citizen."

The period set in the bill for protesting, once the Agustin Codazzi appraisal is known, consists of 2 days, "insufficient to enable the owner to respond with a different appraisal that would prove that his property was worth more." In this way, Borrero warns, the state becomes a judge and party in the expropriation process.

FEDELONJAS stressed that Resolution 7 of 1979 should be revised, so as to permit the expansion of the urban perimeters, anticipating the city's development for the rest of the century. Otherwise, it claimed, it would benefit the pirate urban developers who, during the last 3 years, have had great prosperity owing to the obstacles imposed by the state agencies for the legal urban developer.

According to the associated entity's statistics, Bogota has 2,000 hectares of land available for development within the urban perimeter. Of that number, 500 belong to the social service agency, 600 are technically frozen because of the impossibility of installing sewerage systems in the northwestern part of the capital, leaving 900 available; and Bogota needs 420 hectares annually for housing construction.

Borrero Ochoa concluded by saying: "So, there is a land shortage problem, not because the owners are becoming rich from it, but rather because the municipal or district entities are not allowing more land to be available to facilitate the market."

#### Construction Chamber Position Shift

Bogota EL TIEMPO in Spanish 27 Sep 86 pp 1-A, 5-B

[Text] The Colombian construction industry made a shift in its position toward the controversial issue of urban reform, announcing that it "notes with satisfaction the policies delineated by the government in connection with the new directions that it will give to the housing and urban development programs."

The National Assembly of CAMACOL [Colombian Chamber of Construction], which met recently in Bucaramanga, and whose conclusions were announced yesterday in Bogota, expressed this view.

Because of the great significance of the topics discussed at this forum by the minister of development, Miguel A. Merino Gordillo, the assembly requested of the president of CAMACOL, Tulio Echeverry Roiz, that a follow-up be made of the discussions and analyses to be carried out in the Congress of the Republic regarding the bill on urban reform that the executive branch has submitted for the consideration of Congress.

The new position of the constructors in this area reflects the view expressed by the majority of the delegates to the association's assembly, some of whom called for overt support for that reform, noting that it was necessary to "yield something before they take everything away from us."

Similarly, CAMACOL reiterated its intention of cooperating with the government on the studies and initiatives aimed at creating a guiding agency in our country for the policies on housing and urban development, as part of the reorganization on the institutional level that has been required for the sector.

That association voiced its complete agreement with the views expressed by the development minister, to the effect that the existing urban chaos is a result of the disorganization currently prevailing in the sector, and that, for this reason, an in-depth restructuring has become undeferable.

As for the constant value system, CAMACOL reaffirmed its support for that type of savings, and requested that the government adopt the measures aimed at achieving its reinforcement.

The assembly also came out in favor of the government's announcement for making the coordinating commission for the construction industry that was created in 1982 operative.

It likewise backed the government's decision not to implement the regulations transferring to the Superintendency of Industry and Commerce the function of overseeing the housing programs until that agency has the suitable infrastructure. This overseeing is being carried out by the Banking Superintendency, but the decrees on the reform of this entity issued by the previous government transferred it to that of industry and commerce.

2909

CSO: 3348/41

COLOMBIA

NON-TRADITIONAL EXPORTS INCREASE BY 15 PERCENT

Bogota EL TIEMPO in Spanish 29 Sep 86 p 5-B

[Text] The government has disclosed that, despite the wave of protectionism and restrictions affecting the trade of the developing countries, Colombia will be selling the world this year \$1.7 billion worth of so-called "minor" or "non-traditional" exports.

That figure will exceed by nearly \$35 million the one projected by the government itself in the Exports Plan; which would indicate that the combated protectionism has not had an effect on Colombian sales of goods abroad.

According to the new government, an increase exceeding 10 percent in minor exports indicates that everything is going well. As of last August, the increment was 15.5 percent; and, by the year's end, as has been noted previously, the estimates will be shattered.

On the coffee front, the Barco government calculates that its value throughout all of 1986 will be approximately \$2.6 billion; which would indicate that the total exports of goods this year will amount to some \$4.3 billion.

A report on the fulfillment of the export goals was released yesterday by the managing director of PROEXPO [Export Promotion Fund], Manuel Martinez, and the executive assistant director, Edgar Vieira Posada.

As of August, the value of minor exports was \$1 billion, compared with \$864 million for the same period in 1985; reflecting 15 percent growth.

Without counting sales of coal (\$126.9 million) and ferronickel (\$41 million), the growth is 12.2 percent.

The officials emphasized the recovery being experienced by the international prices of certain agricultural products, such as sugar and bananas, but noted problems with short-staple cotton.

Based on subsectors, exports of manufactured products show the greatest recovery, with a 30.2 percent increase; while basic products have recovered by 9.3 percent, and semimanufactures, by 12.8 percent.

The major exports (coffee and oil) have increased by 68.8 percent, owing mainly to the improved prices that the coffee boom has entailed.

As part of the policy to develop and promote new exportable products that is being carried out by PROEXPO, they cited the "wonderful prospects" on world markets for mangos, pineapple, cardamom, pitahaya, and jojoba, as well as for the new grape crops in Magdalena.

For the past 2 years, a program has been carried out with the Federal Republic of Germany to promote tropical fruits, the radius of action for which extends to the entire European Economic Community. This program is being implemented through Procotec, whose director, Ulrich Mosta, explained that it is part of his country's technical cooperation plan for the developing nations.

Similarly, PROEXPO disclosed that Colombia is becoming one of the exporting powers in the publishing industry for the developed countries. During 1985, this sector had exports totaling over \$46 million and, as of July 1986, those sales were reaching \$34 million, with a 42 percent increase.

One of this industry's problems is concentration, because five companies account for 70 percent of the exports; and for this reason new firms are being promoted for this purpose.

The publishing industry is penetrating publications in other languages, thereby enabling it to win the American market, which is the second-ranking for Colombia in this area, after Venezuela. Tests are also being conducted to publish in other languages, including those of the Asian world.

For the present, Colombia is the leading world exporter of animated cartoons, and is participating in the most important specialized international fairs in various countries. There is an ambition to hold that industry's first international fair in Bogota by 1987.

The main challenge that this sector will have starting next year will be that of preventing the country's increased paper production, with the entry of Papelcol into operation, from being exported as such. Its egress abroad should be in the form of books and other printed matter.

2909

CSO: 3348/41

COLOMBIA

BRIEFS

HUMAN RIGHTS COMMISSIONER MEMBER MURDERED--Cali, Colombia, 10 Oct (AFP)--Lawyer Elmer Marin, a member of the Colombian Human Rights Commission, was murdered by unidentified persons last night, and his body was found today in the city of Palmira, according to police reports. Marin, who was to travel to London today to participate in an international meeting on human rights that will be held over the weekend, disappeared on Monday from Cali, in the southwestern part of Colombia. Police said that Marin's body contained two bullets and was found near the city of Palmira, 20 km northeast of Cali. There are no clues as to who the perpetrators of the crime are. [Text] [Paris AFP in Spanish 2351 GMT 10 Oct 86] /9604

COST OF LIVING INCREASE--The Dane [National Administrative Department of Statistics] has reported that the cost of living in Colombia increased by 1.43 percent in September. [Summary] [Bogota EL TIEMPO in Spanish 4 Oct 86 pp 1-a, 8-a] /9604

COFFEE EXPORTS--The National Association of Coffee Exporters disclosed yesterday that Colombia exported 11 million bags of coffee to the world market during the 1985-1986 coffee harvest year which ended on 30 September. The country obtained \$1 billion in additional revenues from this export. The exporters' association described this commercial period as satisfactory for the coffee sector and the country's economy. [Summary] [Bogota EL TIEMPO in Spanish 8 Oct 86 p 6-a] /9604

CSO: 3348/61



CUBA

## FINAL INSTALLMENTS OF PCC DRAFT PROGRAM: ROLE OF PARTY

Havana GRANMA in Spanish Sep 86 [no page numbers given]

[Text] VIII. The Work of the Party in Perfecting the Political Organization of Cuban Society

13-1

Our society's political organization is based on the philosophy and principles of Marxism-Leninism regarding the system of socialist democracy, a superior form of democracy. The Communist Party of Cuba, the vanguard of the working class and the entire people, is the highest guiding force of this system and of the entire society.

13-2

The party will work to perfect socialist democracy, which as Cuba's experience has shown is incomparably superior to any form of bourgeois democracy. In addition, it feels that during the current stage the fundamental objective in this field must be to increase the involvement of all the people in government, in grassroots supervision and in the country's political and social life, and to foster the creative initiatives of the masses in all spheres of society, in particular the production of material goods and the development of new cultural values.

13-3

The system of socialist democracy consists of a set of State institutions, and a variety of political, mass and social organizations and bodies whose activities are interrelated. The party directs and coordinates their work and ensures that each performs its specific functions thoroughly.

The State

13-4

The Cuban State is a State of laborers, peasants and other blue- and white-collar workers. It is part of the system of socialist democracy, constituting

its most direct instrument, and its resolutions are legally binding on all citizens.

13-5

It is profoundly democratic in nature, thus institutionally guaranteeing the participation of the working class and other workers, students and other segments of the population in the exercise of power by an absolute majority of the people, either directly or through the People's Assemblies and other State bodies that are derived from them.

13-6

Our country's State apparatus is made up of several bodies: the representative institutions of State power, which are the primary bodies, the bodies in charge of the administration and management of the various activities, and the judicial and fiscal bodies.

13-7

The Cuban State is organized on the basis of democratic centralism; it carries out the will of the people, channels the nation's efforts in the construction of socialism, maintains and defends the integrity and sovereignty of the homeland and fulfills its internationalist duty to other peoples of the world.

13-8

As the people's instrument of power, it defends the revolution and the socialist homeland from the imperialist enemy and its internal agents; guarantees the freedom and full dignity of man, the enjoyment of his rights, the performance of his duties and the comprehensive development of his personality; bolsters the ideology, the standards of coexistence and the norms of conduct that characterize a society free from man's exploitation of his fellow man; protects the creative labor of the people, the property and wealth of the nation and personal property; plans and runs the national economy and ensures the educational, scientific, technical and cultural progress of the country.

13-9

The ongoing increase in the people's aware participation is a decisive factor in the construction of socialism, which demands the introduction of new methods of guiding society.

13-10

In the task of perfecting the State, a resolute and ceaseless struggle is waged against bureaucratism, arbitrary decisions that adversely affect the masses, the tendency to give excuses in response to justifiable criticism of such decisions, insensitivity, excess personnel and other harmful manifestations; and for enhanced administrative efficiency and more advanced

organizational and territorial structures and systems of work that will modernize and make public administration increasingly dynamic.

13-11

In this regard, an effort will be made to develop initiatives that will foster the best possible provision of services to people around the country, as well as direct and immediate action by State entities to resolve problems arising anywhere in the country or to arrange for an effective solution at the lowest possible cost.

13-12

The proper application of democratic centralism must be ensured in the State, so as to more harmoniously develop the necessary relations between the central and local organs. At the same time, efforts will be made to ensure the proper operation of collective organs and to demand strict performance of individual responsibilities, factors that are conducive to a broader unfolding of the creative activity of the masses.

13-13

In exercising their powers and performing their functions, the organs of the State must devote conscientious attention to perfecting their relations with the social and mass organizations.

13-14

The comprehensive development of socialist democracy must be carried out in close connection with the perfecting of legislation. The role of socialist law will be expanded in the regulation of social relations, thus reflecting the will and interests of all workers with increasing accuracy.

13-15

The expansion and enrichment of the rights and freedoms of citizens recognized in the constitution will be a fundamental objective to be borne in mind in this task of perfecting legislation. The exercise of these rights and freedoms is inseparable from the performance of constitutional duties.

13-16

The Constitution of the Republic proclaims and enshrines the foundations of our socialist social system. It is the fundamental law of Cuban society and the starting point for the country's entire legal system.

13-17

The law must be respected strictly and inexorably by all State organs, their officials, agents of authority, political, mass and social organizations and citizens in general. In this regard, the members of the party and the UJC [Union of Young Communists] must be standard-bearers and models. The essence

of the socialist legal system rests on this general and conscious compliance with the law.

13-18

As State organs in charge of administering justice, the courts have an obligation to continue improving the technical quality of their activities. It is of the utmost importance that the rulings of courts, arbitration organs and administrative authorities be effectively obeyed and carried out. This is indispensable to eradicate all manifestations of disrespect for the law and so that the socialist legal system is enforced in accordance with specific situations lest the entire burden of preserving social discipline fall to the penal system.

13-19

The office of attorney general must efficiently perform its function as the State organ that supervises the socialist legal system, primarily in connection with the jurisdictional proceedings in which it takes part. It must combat crime during them by performing in an uninterrupted and particularly skilled manner, avoiding mechanical actions and administrative restrictions and thus playing its role as a social representative with ever increasing authority and efficacy.

13-20

The Interior Ministry and its organs will continue to improve the efficacy of the activities aimed at the preservation of social and personal property, at the full exercise of the democratic rights and freedoms that the Constitution of the Republic of Cuba establishes, at the performance of duties and at the equality of all citizens before the law.

13-21

With the active and creative participation of the masses, the State Security services that specialize in the struggle against espionage and subversion by the imperialist centers must be continuously enhanced by constantly upgrading the capacity for response and the operations to uncover and foil the enemy's plans against the domestic economy, the integrity of our people and the country's security.

13-22

Activities aimed at preventing, confronting and cracking down on criminal behavior are essential to achieve an ever healthier social environment. The institutions in charge of the domestic order must hone their efforts and achieve superior operating efficiency. It is also important for the corresponding State agencies to always bear in mind that the legal and penal actions of which they are in charge ought to be preferably preventive and educational. Every effort must always be made to clarify instances of such criminal behavior and, when necessary, to impose the appropriate penalties, always in the strictest compliance with the socialist legal system.

## The Union of Young Communists and the Youth Movement

13-23

The development and bolstering of the youth movement is a priority task for the party and for our entire society.

13-24

The organizationally independent UJC carries out its activities under the leadership of the party and is its reserve and active aid. Its fundamental mission is to incorporate young people into the tasks of the revolution, to contribute decisively to their comprehensive communist training and to prepare its members to be future members of the party, so that young communists who meet the requirements will join its ranks.

13-25

The leadership bodies and rank and file organizations of the UJC must actively promote the party's policy in all spheres of the construction of socialism.

13-26

As the party's main wellspring and combative reserve and as a school for communist training, the UJC will educate its members and the entire younger generation in the traditions of struggle of our people and the working class and in the principles of Marxism-Leninism, will encourage them to gain experience in the revolutionary struggle and will foster their scientific and technical training, thus preparing them to assume ever greater leadership responsibilities in our society.

13-27

Directly and through the mass organizations of students and children it will cultivate the moral traits of socialism in them, so that they adopt a communist attitude toward study, work and defense, in the knowledge that the future belongs to young people and is being built for them.

13-28

At the party's behest, the UJC guides and directs the work of the mass organizations of students and children. In its relations it respects their autonomous and fully democratic operation and works to expand their influence, to strengthen their role and substance, to hone their specific methods and style in keeping with their activities and to foster the development of their initiatives.

13-29

The University Student Federation and the Federation of Mid-Level School Students are engaged in intensive ideological work among our students to

educate them in our heroic patriotic and internationalist traditions, in a love for the working class, in an interest in science, technology, culture and sports, and in the role that they will play as future skilled workers, technicians and professionals. These efforts are also designed to channel the activities of the student masses increasingly towards the tasks that the development of the revolution requires, with emphasis on social education, responsibility in school and the development of a producer awareness. These organizations represent the students before educational institutions and other State, social and political organizations and are a vehicle of support for the school, while assuming responsibilities in school life and in various social tasks.

13-30

The pioneers organization, the place where our country's children and teenagers are forged for the future and where the revolutionary life of tomorrow's men and women begins, works in conjunction with schools to develop a sense of social responsibility in children, especially in their studies, to foster in them deep-seated patriotic and revolutionary feelings and habits that are consistent with the principles of socialist ethics, and to organize their activities outside school.

13-31

The agencies and organizations of the party have the highest responsibility in educating the younger generations. Consequently, they support and supervise the work of the UJC and also help it in its efforts with children and students and pay special attention to fostering the increasing incorporation of young people into leadership tasks in various spheres. Party members and applicants for membership must be active promoters of these efforts and personal examples of this policy in every area of their family and social life.

The Mass and Social Organizations

13-32

The mass and social organizations that have developed within our nation have an extremely important role to play in the construction of the new society; this is one of the most salient developments of our revolutionary life.

13-33

They are an indispensable liaison that ensures the closest links between the party and the masses, guarantees its educational, guiding and mobilizational influence and helps the party to be aware of the feelings, problems and opinions of each segment of the population, whose specific interests they represent. In addition to being a great school that develops the awareness of millions of white- and blue-collar workers, men, women, the elderly, youngsters and children, they forge countless numbers of cadres and activists of the revolution. For all these reasons, they are a powerful storehouse of political and revolutionary energies.

13-34

At their congresses, which are prepared and held in accordance with democratic standards and party policy, which they consciously accept, the mass and social organizations adopt their respective guidelines and bylaws, on the basis of which they determine the tasks that they are to undertake to effectively perform their role in society.

13-35

The party will pay careful attention to the development and operations of these organizations, thus helping to bolster them continuously. They will in this way be in a better position to carry out their specific activities and to represent the legitimate interests and desires of the masses, for whom they will struggle with the full support of the party and the State.

13-36

The party will strive to strengthen the profoundly democratic substance of the mass and social organizations and will foster their creative initiatives and their decision-making and administrative capabilities so that they can perform the State functions that they agree to assume under the constitution and the law, all of which will help to increase the active role of these organizations in the development of socialist democracy.

13-37

It will be a concern and a fundamental task of the party to see to it that these organizations make headway towards new victories in their efforts to bring the masses together in a bid to constantly improve their political and ideological training and raise their cultural and scientific-technical level and to channel them uninterruptedly into the construction of socialism and the defense of the revolution.

13-38

The party will make its most effective contribution to the performance of these tasks, which are common to all the mass and social organizations, and to the specific tasks of each of them.

13-39

It will support the Central Organization of Cuban Trade Unions (CTC) and the unions, the organizations that represent the proletariat, the guiding class of the revolution, so that they decisively help to develop a communist attitude towards labor in the working masses; develop their economic awareness; educate them in the finest labor, patriotic and revolutionary traditions of the Cuban proletariat and fully play their role as schools of management and communism.

13-40

It will back the union organizations in their mission as a counterpart to management, to protect the legitimate interests of the workers, to struggle for ongoing improvements in working conditions, safety and hygiene in particular, and to make rest and recreation available.

13-41

By undertaking all these tasks, the CTC and the unions will enable the working masses to participate more effectively in the discussion and supervision of economic plans and in the improvement of production and services assemblies. This will enable the working class to become increasingly involved in the running of the economy and, in a word, to fully perform its mission as the guiding class in the building of socialism.

13-42

The party will help the peasant organizations in the important task of guiding them towards superior forms of production, while always respecting the principle of voluntary compliance, of expanding and deepening the economic and political awareness of the peasants, of strengthening their alliance with the workers and of bringing them ever closer to the attitudes towards society and ideology that their brothers in the struggle hold.

13-43

It is the task of the party to support the Committees for the Defense of the Revolution (the largest of our mass organizations, comprising the overwhelming majority of the population throughout the country) in their primary job of supporting and defending the revolution by keeping their revolutionary guard up; in honing their ability to incorporate the large number of retired persons, housewives and others who are not part of the work force into political and social activities; in enrolling the masses in important tasks of the People's Government and in support for education, culture, health care and the economy, and in mobilizing our entire nation in the many manifestations of support for the revolution.

13-44

The party will support the Federation of Cuban Women (FMC) in its efforts to organize and mobilize women, to incorporate them into every sphere and level of the construction of socialism, particularly labor and the care and training of children and teenagers, and in its intensive international efforts. The struggle for full equality for women in our society, which is a fundamental objective of party policy that our entire nation and all its institutions must work for, will be high on the list of FMC tasks.

13-45

The party emphasizes the social importance of the wide range of artistic, scientific, patriotic, professional, athletic, recreational and other



organizations that people voluntarily join to wholesomely satisfy their interests and aspirations.

13-46

It must also see to it that the associations of friendship with other nations contribute to their mutual knowledge and help strengthen fraternal relations and solidarity between them.

IX. The Communist Party of Cuba, the Vanguard of Leadership in the Construction of Socialism and the Guiding Force of Cuban Society

14-1

The Communist Party of Cuba was born of the deepest and most solid ideological and political unity of Cuban revolutionaries, a unity much more solid than in any previous era, and of the fusing of an extraordinary patriotic tradition with scientific socialism, amid the din of battle to defend the revolution and make it progress.

14-2

Constructed and developed in constant consultation with the masses, our party is and must always be the beloved work of all revolutionaries who, whether they belong to it or not, consciously obey it as the organized vanguard of the working class, made up of the most advanced and meritorious representatives of the working people.

14-3

Battle-hardened during more than a quarter of a century of socialist construction in the face of the hostility, blockade and aggressions of successive U.S. administrations, in charge of complex economic, political, ideological and defense processes, our party has consolidated and is enhancing with each passing day the authority and the prestige that it received from the revolution at its historic outset and has become the guarantor par excellence of its purity, continuity and progress.

14-4

The party is discharging the historic responsibility of guiding the Cuban people in the most far-reaching social transformation that man has ever proposed. This mission is based on its capacity for foresight and scientific interpretation in light of Marxist-Leninist theory and is performed through the exemplary participation of its members in all the battles fought by the masses, in the labor accomplishments of the working class, in the tasks of the entire nation in the defense of the homeland, in the great political battles and in heroic internationalist missions.

14-5

The party draws on the undying theoretical and practical legacy of Marx, Engels, Lenin and our national hero Jose Marti, whose historic work is linked with the development of Cuba's revolutionary and communist movement from Balino and Mella to Fidel Castro, and on the experience of the international workers and communist movement and of the countries in the socialist camp, particularly the Soviet Union, the birthplace of the world's first proletarian revolution and an inexhaustible source of lessons in the bid to achieve the noble purposes of building a new life.

14-6

Our Communist party is the guiding force of Cuban society. It determines the broadest guidelines for the country's development and the policy for each stage of the revolution; it points out the main directions in the economic, social and cultural spheres; it conducts the nation's foreign policy; it works to deepen the revolutionary and communist awareness of the masses and prepares them for the ideological confrontation with their class enemies; and it organizes the defense of the homeland in accordance with the philosophy of the war of the entire nation.

14-7

The party's guiding and orienting role and the general instructions that its higher organs issue take shape, through the appropriate party methods, in the activities of the party leadership bodies and rank and file organizations and of its members.

14-8

The party orients the work that the various institutions, bodies, organizations and the masses must perform to implement the guidelines it has charted; supervises their execution; pursues a policy to ensure an appropriate selection and placement of cadres, and regularly explains to the masses the goals of its directives.

14-9

In pursuing its activities and its relations with State institutions, the UJC, and mass and social organizations, the party uses persuasion, relies on their voluntary and conscious acceptance of its guiding role and sees to it that each performs its proper function so that there is no supplanting or overlapping.

14-10

It is a vital principle of the party to maintain active and ongoing ties with the working class and all our people. The rank and file organizations, the foundation of the party's entire organizational structure, guarantee the party's ties with the masses, thus enabling it to guide and educate them, to become familiar with their moods and opinions and accordingly to gear the

working guidelines to their legitimate aspirations, in accordance with the specific conditions dictated by the country's development and the dynamics of the international situation.

14-11

With a view towards ensuring the growing and decisive participation of the citizenry in the nation's government and the full exercise of socialist democracy, the party will continue to promote the improvement of our society's political organization and the system of the People's Government organs.

14-12

The party will take pains to see to it that a Leninist style of work prevails both in its own internal life and in the UJC, the mass organizations and in the State organs and that collective leadership blends appropriately with individual responsibility, both based on conscious, iron-like discipline.

14-13

Likewise, the efforts to bolster and spread a vanguard attitude towards social duties will be successful only if they are backed by the personal example of party members, cadres and leaders. The far-reaching social significance of the conduct of communists, whose individual prestige enhances the moral authority on which the party's leadership of society is based, also includes responsibility at home, primarily to their children.

14-14

The party's effectiveness in guiding ideological work depends, above all, on the predominance of criticism and self-criticism in its internal life, at all leadership levels and in its small groups. As a natural and honest component of relations among communists, criticism and self-criticism must meet the requirements of time, place and form, in other words, in the proper place, at the right time and in a respectful, brotherly manner. It is thus not necessary to wait for formal meetings, except when collective consideration is advisable.

14-15

The party cannot combat erroneous tendencies and behavior in society unless it can establish this sort of lifestyle and style of work among its members and in its organizations and bodies.

14-16

As Lenin taught, a party's earnestness is gauged by its attitude towards its mistakes. This attitude will also determine its actual potential for playing its role as a higher expression of the critical awareness of society and, in particular, of guiding the ideological struggle.

14-17

In its methods and its style of work the party must energetically combat bureaucratism, officialism, routine and any other manifestation that tends to undermine its role as an educator and organizer of the masses.

14-18

The party will practice a creative style, divorced from rote and formalism, that will enable it to discover in time when mechanisms and forms of work are becoming obsolete and must therefore be changed and to subject its own activities to ongoing criticism so that we can always come up with new solutions to new problems.

14-19

The cornerstone of the party's growth will continue to be the requirement of lofty political, labor, social and moral qualities as inviolable conditions for the admission of new members and applicants for membership; at the same time, this will ensure that the workers remain the core of the party's ranks. The UJC is and will remain the main wellspring of new party members.

14-20

This criterion for selection must take into account the quantitative and qualitative changes that take place in society as a result of the gains in building socialism and the development of the scientific-technological revolution.

14-21

A familiarity with and the consistent application of the principles and norms contained in the party's bylaws by all members, cadres and leaders of all rank and file organizations and leadership bodies will continue to be a daily requirement in the steady improvement of its activities. The role of the party's supervisory and review committees will expand in the future.

14-22

The formulation of the guiding principles and criteria for a cadres policy is a primary responsibility and inescapable duty of the party's higher organs; this is based on the just principle that from the people emerge the leaders and chiefs who can guide them successfully in the future.

14-23

The party will continue to promote the conditions needed to forge and develop cadre qualities such as creative initiative, talent, firmness, political honesty, a sense of revolutionary justice, enthusiasm and intransigence, close ties with the masses and sensitivity to their problems and needs.

14-24

Selection and promotion will always be based on a detailed and objective analysis of the merits and capacity of each comrade, never on arbitrary or unprincipled considerations such as regionalism, flattery, favoritism and superficial judgments about character.

14-25

Cadres must be placed and gradually promoted in accordance with the potential that they have shown, when they have given evidence that they can successfully undertake new and complex missions.

14-26

The indispensable evaluation of cadres must be conducted in a dialectic, comprehensive and uninterrupted manner that takes into account, among other things, whether their know-how matches their job, their physical and mental faculties, their revolutionary spirit, their ties with the masses, their sensitivity to them, the prestige that they have gained and at what point in their political and career development they find themselves: whether they are making strides, have stagnated or have clearly fallen below requirements.

14-27

All party, UJC and State bodies and all mass organizations will take the utmost care to convey to young people the experience of the best trained and most experienced cadres; to promote them boldly and to help them gradually acquire know-how and expertise through social practice, in accordance with the time that each step on the leadership ladder logically requires depending on personal abilities and merits.

14-28

The party will continue to pay priority attention to the just and much needed presence of women in political and State leadership bodies. In addition, this policy must be pursued to establish an appropriate racial makeup in these leadership bodies so that our entire society feels represented in this regard as well.

14-29

It is the unavoidable task of all responsible leaders and officials to train the cadres who are in their sphere of influence so that one or several can replace them under any circumstances and thus ensure work continuity.

14-30

As a principle, no cadre is irreplaceable. A cadre who persists in regarding himself as such must be justly removed because of the damage that he is causing. If the second in command is not able to assume the functions of his

superior and when several others are not in training as future political, labor or social leaders, the principles of cadre policy are not being applied.

14-31

The party bases its training of cadres on the idea that anyone who is actively involved in running a group can suffer from shortcomings, make mistakes at work and have faults in his personal life. Timely and appropriate criticism to correct such failings is an indispensable element in their training.

14-32

The party educates our people in the deeply held conviction that a position of leadership is an honorable mission of service to the cause of building socialism, a position that one holds as long as one is able and meets the requirements. Whoever asks to be relieved when he feels that in spite of his will and efforts, he cannot meet the demands of the task with which he has been entrusted, is making a proper and praiseworthy decision by placing the interests of the group first.

14-33

Leaders, supervisors and officials are responsible for guiding and applying the party's line in all spheres of social life. Hence, all party bodies, from the Central Committee to the rank and file organizations, will see to it that cadres are properly selected, ideally placed, fairly distributed and opportunely turned over, in their specific spheres and in accordance with the regulations in effect. This is indispensable to ensure that the objectives of the party program are achieved.

14-34

The Communist Party of Cuba will continue to regard the following appeal of Comrade Fidel Castro as its fundamental strategy:

14-35

"This party has been formed from unity and ideology, from unity and doctrine, in the crucible of a revolutionary process. And we must always watch out for these two things: for unity and doctrine, because they are our fundamental pillars. For the rule of merit within the party, the rule of revolutionary virtues, of simplicity and of modesty; for ties with the masses, from which our party can never separate, because they are what give it a *raison d'etre*, its prestige, its authority and its strength. Never above the masses, always with the masses, and always in the heart of the people! Let our authority not spring from the fact that ours is the party of the revolution! Let it not be the authority that the party itself gives us! Let our authority always spring from the idea, the concept that the people have of the party's members and cadres!"

14-36

Thus, as Fidel conceived of it, our party will always be the soul of the revolution.

14-37

Such is the Draft Program that the Third Congress of the Communist Party of Cuba presents to the people in the most profound conviction that it rigorously and accurately interprets the objective needs of our society's socioeconomic, political, ideological and cultural development and our capabilities and potential for victoriously taking up the historic task of culminating the construction of socialism in our homeland.

14-38

The Third Congress is equally convinced that an analysis and discussion of the program in work centers, schools, scientific institutions and military units will help to make its conclusions more accurate, provide an even sounder foundation for its objectives and tasks and contribute appreciably to a strengthening of our society's ideological and political unity.

14-39

The Third Congress is certain that our people realize how important it is for the country's future to achieve the objectives set forth in the Draft Program and what it will mean for the cause of the liberation of peoples if Cuba can confirm with its example that socialism is the future of mankind, and that therefore they will identify with the party program, strive to perfect it and turn it into a banner of work, combat and victory.

8743

CSO: 3248/14

CUBA

# SIBERIA-BOUND FORESTRY BRIGADES COMPLETE TRAINING

Matanzas GIRON in Spanish 26 Aug 86 p 1

[Text] Not long from now, 270 Cubans will be working in the snow-covered forests of far-eastern USSR.

Last Sunday marked the completion of the training phase of the first forestry contingent of the Cuba-USSR enterprise for the exploitation of forest resources. The unit will work in the Suk-Pay district, Khabarov region, in Siberia.

The brigade, consisting of 230 men and only 40 women, have worked in the lemon and guava harvest, in manual land clearing, and in the Victoria de Giron citrus packing plant. In 5,389 production days, the brigade harvested 21,904 quintals of lemon and 2,953 of guava.

The brigade also attended 38 hours of Russian language classes.

Among the seven brigades to which the members were assigned during their stay at the Orlando Caballero Milian camp of the first district, the most outstanding was the Seventh Brigade, consisting entirely of women.

The average age of the members is 31. Forty-four percent of the brigade members belong to the Party. In other words, 66 are in the Communist Party and 54 belong to the Young Communists' Union.

Most of the members come from forestry and agricultural sectors, although some of them come from others fields. For example, Ernesto Padron, the group's Party Committee secretary, comes from the urban bus service of Ciego de Avila.

The contingent will go to the eastern USSR, group by group, according to their skills, beginning next month; the construction workers will go first. They will stay there for at least 2 years during which they will have 2 months of leave.

In addition to production work, the brigades are planning to form amateur entertainment groups to make sure that they will have recreation.

Last Sunday, in the course of a simple get-together at the Matanzas camp. Osvaldo Acosta, deputy chief of the Party Central Committee's Agricultural Department, praised the highly positive results achieved by the group at the Jaguey citrus plant.



He called on them to "develop a similar attitude in Siberia, aware that you are working for our people. United as one over there, let your example be truly worthy to the whole world".

The brigade is made up of workers from the whole country. Among them are 32 men and four women from Matanzas.

In a few months, in the frigid, eastern Soviet winter, the warmth of Cuban fraternity will be felt, and the birth, growth and strengthening of the first community of the "Caribbean alligator" will take place in the middle of Siberia.

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CUBA

SANCTI SPIRITUS PROVINCE VEGETABLE, FRUIT SALES UP

Sancti Spiritus ESCAMBRAY in Spanish 8 Aug 86 p 1

[Text] Small farm owners in Sancti Spiritus sold 23,500 more quintals of vegetables and fruit in the first 7 months of this year than it sold in the same period last year.

As of July, this sector had sold 66,500 quintals of this produce. The goal was 29,000 quintals or a 229 percent increase, responding in this way to the call made to the group.

The sale of bananas exceeded 21,700 quintals, a four-fold increase in the projected quantity for the period and almost eight times more than the quantity delivered in 1985. Sweet potatoes and malanga sales surpassed projections. On the other hand, cassava sales were down for the same period, although the goal is being achieved so far this year.

Vegetable delivery commitments are not being achieved as projected because of problems affecting the pumpkin crop. The 68,500 quintals delivered is only 78 percent of the quantity that should have been delivered as of July.

Garlic sales are up and the onion production goal is also being surpassed. The delivery of 94,500 quintals indicates a 118 percent increase in its fulfillment. Fruit production, however, while achieving projections, so far has not exceeded the quantities delivered last year in the same period.

Studies and discussions are now under way to prepare the output figures that the small farmers propose to deliver in 1987 to live up to the commitment that was pledged to the Commander-in-Chief, the better meet the nutritional need of the people.

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CUBA

## PORK PRODUCTION GOALS MET DESPITE UNEVEN PROVINCIAL OUTPUT

Havana GRANMA in Spanish 22 Aug 86 p 1

[Article by Raisa Pages]

[Text] The report on the first 6 months of the year for the Union of Pork Enterprises (UNEPOR) reveals that although some territories exceeded their goals for pork production, others fell short.

Nationally, UNEPOR achieved 100 percent of its labor goal, and 46,662 tons of meat were produced. This volume represents steady progress; what we now deliver in 6 months is almost as much as we managed to deliver for the entire year of 1980, when the yearly total was 57,188 tons.

Since the last outbreak of African swine fever in 1980, the recovery of production has been rapid. In the last 5-year period, the annual growth rate has been 9.3 percent. In 1985, UNEPOR's output totaled 89,274 tons of meat.

The fluctuations in production levels of this product can be seen in the fact that while Cienfuegos, Ciego de Avila, Matanzas, and Havana came in above the plan, other areas did not meet their goals: Granma (79 percent), Pinar del Rio (95 percent), Las Tunas (98 percent), Santiago de Cuba (98 percent), and Holguin (99 percent).

Granma failed to meet its weight goals in the fattening category, and the inadequate management of the herd, along with the decline in the amount of liquid fodder, led to a shortfall of meat for the 6-month period.

The development of pork production is closely linked to the availability of liquid fodder, a feed that is made of food wastes from dining halls, restaurants, and cafeterias. Between 68 and 70 percent of the fattened animals are fed with this kind of fodder, and thus the country is able to save on imported raw materials for making solid fodder.

There was a decline in the amount of liquid fodder, and only 97.5 percent of the goal was met nationwide. Much of this shortfall is attributable to Santiago de Cuba, which managed to attain only 64 percent of projected production. This province, which has traditionally been able to meet its quotas for liquid fodder, had problems with boiled feed.

UNEPOR expects strict adherence to Resolution 138-85 of the Agriculture Ministry, which provides that food wastes must be given only to pork enterprises.

The enterprises in Sancti Spiritus, Ciego de Avila, Holguin, Guantanamo, and Granma also reduced their production of liquid fodder.

At this time, new transportation allocations are being given to these provinces, which should improve their organizational structure for picking up edible wastes.

#### Effectiveness in Reproduction

During the 6-month period, births of new piglets exceeded projections by 24,523 head. The breeding effectiveness rate (an indicator which measures how many females that were bred actually gave birth) is 80.7 percent, considered an optimum figure worldwide.

The territories with the best rates were Las Tunas and Villa Clara, with 89 and 85.8 percent, respectively. Granma, Holguin, Cienfuegos, and Havana were below the national median.

The average fattening weight (the amount an animal gains during the 9-month fattening cycle) was 89.1 kilos at the national level, and the leading provinces were Sancti Spiritus (99.7 kilos), Cienfuegos (96.3 kilos), Guantanamo (93 kilos), Camaguey (92.5 kilos), and the special municipality of the Isle of Youth (92.2 kilos).

Nine enterprises in UNEPOR are already organized into Permanent Production Brigades. The model unit movement, which began last year, has already borne fruit; in the first evaluation by the trade union, three entities were declared model units in 1985: Camaguey, Cienfuegos, and Pork Genetics.

The enterprises of the special municipality of the Isle of Youth, Ciego de Avila, and pork teams were named runners-up.

8926

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CUBA

#### RURAL AIRPORT TO OPEN IN CIEGO DE AVILA

Havana GRANMA in Spanish 23 Aug 86 p 1

[Article by Julio Juan Leandro]

[Excerpts] Ciego de Avila--One of the most important construction projects built in this territory since the triumph of the revolution will go into service next 1 September: the Maximo Gomez Airport, located 22 km north of the capital of Ciego de Avila, in the municipality of Ciro Redondo.

There is good reason to rejoice here at the opening of this new national route for Cubana de Aviacion. The route will be flown by an AN-24 craft, which will fly twice a week, Mondays and Fridays. It will leave Havana at 1345 hours and arrive in Ciego de Avila at 1515 hours; then it will depart for the nation's capital at 1550 hours and arrive at Jose Marti Airport at 1725 hours.

In approximately an hour and 30 minutes, Avilenos (and Havana residents, too) will be able to cover the 461 km that separates Ciego de Avila from our capital. National buses now take some 7 hours to cover that route. This major project also offers other advantages as well.

The project cost over 8 million pesos, and now there is a 2,600-meter landing strip where AN-24, IL-18, TU-154 and other medium-size aircraft can touch down.

This is the 14th airport to be built in our country, and the farthest one from a provincial capital. It lies within the parameters established by the Civil Aeronautics Institute, however. Moreover, it is in a very flat area without any obstacles, and the air currents are favorable for air navigation.

It should be noted that the Maya air corridor, with the largest daily volume of international air traffic, passes through this part of Ciego de Avila. The area is about 90 meters above sea level.

#### Inside the Airport

In addition to the runway mentioned above, the new project of the Revolution has a ramp where two TU-154 or similar craft can be parked, and a radio beacon 7 1/2 km to the west of the airport.

It also has a large and well-decorated ceremony room, other spacious areas for passenger arrival and waiting, a store, a restaurant, a cafeteria, a bar, a terrace, offices, administrative areas, rooms, a pantry, a reception area, a control tower, and other facilities.

It also has ample parking and green areas, and will have taxi and bus service.

8926

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CUBA

## STATE STATISTICS OFFICE INSTALLS LARGEST COMPUTER

Havana GRANMA in Spanish 18 Aug 86 p 3

[Article by Roberto Paneque Fonseca]

[Excerpt] The State Committee for Statistics (CEE) yesterday installed the largest electronic computer ever used in Cuba in its National Calculations Center in Havana. The computer in question is a Soviet ES-1061, which can perform 2 million mathematical operations per second. It will be the electronic heart of the future Automated Statistical Data Bank in this country.

Fidel Vascos Gonzalez, minister-chairman of the State Committee for Statistics, told GRANMA that the strategy to be followed in the technological development of data processing in Cuba will be based on equipment obtained from the Council for Mutual Economic Assistance (CEMA), and in particular from the USSR.

The minister added that "this will facilitate our access to the highest levels of scientific-technical progress in the Soviet Union and the socialist countries in the fields of computers, informatics, and microelectronics, because as they develop, we will be able to boost the quality and quantity of our work."

"While 10 years ago statistics were processed manually in Cuba, today we can assert categorically that without computers, such processing would be practically impossible, given the huge volumes of data we handle each day and the speed with which we must respond to the party, the state, and the government," claimed Vascos.

### Technical Features

This Soviet computer has a central processing unit with an internal memory of 16 megabytes (16 megabytes = 16 million characters), and can perform approximately 2 million mathematical operations per second. It has a high-speed intermediate memory of 16 kilobytes (16 kilobytes = 16,000 characters).

It also has three control units with 12 disk drives of 100 megabytes each (100 million characters), and 8 tape drives with a capacity of approximately 1 million characters each.

The ES-1061 (ES stands for Unified System in Russian) has three readers that can process 1,200 cards per minute, and it is hooked up to four high-speed printers that can print 900 to 1,200 lines per minute (about 16 lines per second) on paper.

With the decisive cooperation of the Communications Ministry, the new computer will become the only one in the national economy capable of simultaneously accomodating work stations located several kilometers from the central processing unit, with videoterminals (displays) connected by telephone line located at points throughout the capital.

In this way, several operators can gain access to the computer's central memory from distant places through equipment known as multiplexors, linked to other equipment known as modems (modulator-demodulators) that facilitate the transmission of data from distant points at speeds ranging between 600 and 2,400 characters (machine strokes) per second.

8926

CSO: 3248/24



5 November 1986

CUBA

## BRIEFS

OVER 4,000 SALARY OVERPAYMENTS UNCOVERED--Bayamo--The overpayment of wages to 4,318 workers was discovered during a recent audit of such payments at workplaces in Granma. The audit covered 132 enterprises, 81 budget units, and 28 establishments, and was conducted by specialists of the Offices of Labor and Finance of the People's Government, and by the delegation of the National Bank of Cuba and representatives of the Central Organization of Cuban Trade Unions (CTC) and its member unions. Of the total number of workers involved, 3,575 work for national enterprises, while the greatest deficiencies were found in entities of the Ministries of Agriculture, Sugar, the Fishing Industry, Construction, Transportation, and the Commerce Sector. The overpayments discovered corresponded to activities carried out by using standards, noted the provincial Labor Office. The audit revealed that these irregularities are due to misinterpretations of current legislation, the poor enforcement of standards, the incorrect use of linkage between work and pay, and the lack of control and oversight of work. [Text] [Havana GRANMA in Spanish 19 Aug 86 p 1] 8926

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DOMINICAN REPUBLIC

ISA CONDE ON DOMESTIC SITUATION

AU021129 Budapest NEPSZABADSAG in Hungarian 22 Sep 86 p 2

[Interview with Narciso Isa Conde, general secretary of the Dominican Communist Party, by Attila Seres: "Against Monopolies by Mobilizing the Masses--Interview with Narciso Isa Conde, general secretary of the Dominican Communist Party"; date and place not given--first paragraph is newspaper's introduction.]

[Text] A delegation of the Dominican Communist Party led by General Secretary Narciso Isa Conde recently visited Hungary at the invitation of the MSZMP [Hungarian Socialist Workers Party] Central Committee. Our correspondent, Attila Seres, interviewed Narciso Isa Conde on the domestic situation in the Caribbean country and on the tense situation in the area.

[Seres] The Dominican presidential election was held this spring but the counting of votes had been halted several times and the domestic political solution has become extremely tense. Why?

[Conde] All these are consequences of the Dominican electoral system, the competition between the two big parties, and of "tampering with" the elections. This electoral system is deeply antidemocratic and is based on discrimination against the minority. At first sight, it seems that each election, held every 4 years, stirs the entire Dominican Republic; we are indeed witnessing great machinations. The president, the vice president, the House of Representatives, and even the country, town, and village councils are elected at the same time and, since everyone is on one list, a true election is unimaginable. The latest elections also brought nothing but competition between the two big parties: The Dominican Revolutionary Party (PRD) and the Revolutionary Christian Socialist Party (PRSC); although Juan Bosch's group of liberals occasionally joined the elections, they too could only observe from afar the competition of our "two great" multimillionaires, sparing neither financial power or the enemy, and as a result of which the over 80-year-old Joaquín Balaguer, the PRD nominee, became president for the fourth time.

[Seres] Can we say that he represents the lesser evil?

[Conde] It is difficult to give a clear-cut answer to this question. It is true that Balaguer's party is traditionally a more liberal-oriented political force which has good relations with the Socialist International and which is conducting a more progressive foreign policy; at the same time, however, it is greatly responsible for the current severe economic crisis of the country. I would provide some data that suggest the current situation: Last year, production decreased by 5 percent, including a 10 percent fall in agricultural production compared to the previous year. This year's foreign trade deficit has exceeded \$500,000. Our foreign debt soared from \$3 billion in 1983 to \$4 billion, \$600 thousand under the assistance of the IMF and the U.S. monopolies. We would have to pay \$850 million on debt payments and interest, while income deriving from foreign trade is good if it reaches \$700 million. The number of unemployed is close to 1 million people.

[Seres] What is the program of the Dominican Communist Party in this serious situation?

[Conde] We wish to fight the government by presenting economic demands that take into consideration the interests of the people, and by mobilizing the masses. As for our economic demands: We will struggle for a halt in the repayment of foreign debts; for the nationalization of the private banks; control over foreign trade business agreements; the diversification of diplomatic and particularly of trade relations and their extension to the socialist countries; the introduction of agrarian reform; an improvement in the purchasing power of real wages; a reduction in the prices of food and medicine; and for an increase in job opportunities. On the social scale we will struggle to clean up the armed forces and the police; for the departure of U.S. military advisors; to spread democratic freedom's rights; and to achieve our true national independence.

[Seres] The Dominican Republic shares Hispaniola Island with Haiti. This "neighborhood confined to one island" has led to many conflicts in the past and we can say that there is historical tension between the two countries. How did Dominican Government circles receive the changes that took place in Haiti in February?

[Conde] Indeed the hostility between the two countries has its roots in history. The Dominican Republic also benefited from the dictatorship of the Duvalier clan because in the tens of thousands of Haitians escaping from misery in their country it found an incredibly cheap, almost slave-type source of manpower. Bitterness has constantly been accumulating among the Haitians and it is hardly accidental that, following Baby Doc's fall, the masses that took to the streets simultaneously protested against the Haitian dictator and the Dominican Republic. The current Dominican president, Balaguer, must nevertheless now strive to ease this tension if only for well understood national interests: Dominican sugar plantations rely on Haitian hired labor, the lack of which is already being felt.

GUATEMALA

FIRST LADY PARTICIPATES IN CEREMONIES FREEING PRISONERS

Guatemala City PRENSA LIBRE in Spanish 25 Sep 86 p 8

[Excerpts] Five prisoners--three men and two women--were freed yesterday, International Prisoners' Day, under the reduced penalty and good behavior law.

Attending the activities was the wife of the president of the republic, Raquel Blandon de Cerezo; Departmental Governor Carolina de Peralta; the director general of prisons, Julio Cesar Rivera Claveria; the president of the Board of Trustees of Prisons and Paroles, Julio Garcia Garcia; the director of the Pavon Prison Farm, Professor Osberto Antonio Ruano Reyes and representatives of the army, the treasury guard and other government authorities.

Prison inmates and visitors to the Pavon Prison Farm were surprised to see Mrs Blandon de Cerezo, since, as far as is known, no president's wife had ever visited a penal institution.

The ceremonies took place in the activities room of the Pavon Farm in accordance with an elaborate program. The national flag was carried in by an escort of prison guards, and those in attendance sang the national anthem.

Mrs Blandon de Cerezo took part in the program. She addressed the prisoners as comrades, telling them not to let misfortune overwhelm them, because the president of the republic is always concerned about them.

She told them the good news that yesterday, before she came to Pavon, the Secretariat of Social Welfare had delivered to the president of the republic the necessary documents establishing for the country, within a few months, a new Office of Public Defense, in which many lawyers will work and will represent prisoners at their trials.

This office is being created to aid those who have been arrested for various reasons and who, lacking economic means, cannot hire the services of a lawyer for their defense, she said.

She also promised them that "she and Vinicio" would urge the Congress to approve as soon as possible the law reducing sentences on the basis of good behavior.

"Society has been geared to cause a man to fail, to cause him to fall into misfortune, but for you, my friends, a new dawn is waiting. Rise from the depths to overcome the agony of being imprisoned; lift your heads with pride, because you also are our people," she said in closing.

Then she delivered the orders to free the three prisoners affected by the reduced sentence law. This benefit was granted for good behavior, in accordance with the judgment of the competent authorities. These persons are not dangerous and can rejoin society in a satisfactory manner.

In choosing them, each case was considered individually in order to arrive at approval for the application of the sentence reduction law.

Another outstanding moment in the program was when the president's wife delivered bachelor's diplomas for maturity to prisoners Santiago Manuel Lam Navarro, Marcelo Nícomedes Lam Dominguez and Manuel Maria Sanchez Hernandez.

The "Obreros de Jesus" [Workers for Jesus], a musical group made up of prisoners, which on one occasion won third place in an international competition, received hearty applause from the gathering, as did the words of Noemi I, who was invested at yesterday's ceremonies as "godmother" of the penal center.

Mrs Cerezo and the visiting officials toured the Pavon installations. They saw order, respect and a substantial change in all aspects of the place since Rivera Claveria took over as director general of prisons.

They also visited the COF [Women's Center]. Here Mrs Cerezo delivered orders to free the two women, who wept with emotion at the gesture.

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GUATEMALA

POLITICAL PARTIES SEEK LEGAL STATUS UNDER NEW LAW

Guatemala City PRENSA LIBRE in Spanish 9 Sep 86 p 12

[Text] Unable to comply with requirements of new electoral law, says registrar. The Anticommunist Unification Party (PUA) of Leonel Sisniega Otero, has been canceled because it did not comply with legal requirements, according to official reports.

The director of Citizen Registration (RC) Mario Roberto Guerra Roldan, said that the Department of Political Organizations ordered cancellation of the PUA, since it did not conform to the norms of the new Electoral and Political Parties Law.

He said that the decision was transmitted to PUA leaders, who appealed to the Supreme Electoral Tribunal for a review, but that organization confirmed the RC's resolution.

Guerra indicated also that the following political groups had also been canceled: Democratic Revolutionary Union, National Democratic Coordination, 20 October Movement, Humanist Movement for Democratic Integration, New Force Populist Party, and the National Integration Party.

Later the registration director confirmed that Danilo Barrillas's Civic Democratic Front (FCD5); the Emerging Agreement Movement (MEC) of Col Francisco Gordillo, and the National Unity Front (FUN) of Gabriel Giron Ortiz had complied with all the requirements. Only a few steps are necessary now for them to be authorized as new political parties.

He added that other groups have presented their petitions to begin the procedures necessary to be recognized as parties. These groups are the Guatemala National Party (PANAG) of Mario Castejon; Mario Roberto Ponciano's National Organized Union (UNO); the Solidary Action Movement (MAS) of Jorge Serrano Elias; Popular Democratic Force (FDP), Francisco Reyes Ixamey; United Front of the Revolution (FUR) and Leopoldo Urrutia Beltran's Democratic Action (AD).

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JAMAICA

SEAGA, MANLEY AIR DIFFERENCES OVER ELECTIONS, ECONOMY

Seaga Stand

Kingston THE DAILY GLEANER in English 19 Sep 86 pp 1, 3

[Article by Ed McCullough]

[Text]

KINGSTON, Sept 18, AP:

Tourism is the one bright spot in Jamaica's troubled economy and it is widely seen as a trump card in the emerging struggle for power between Prime Minister Edward Seaga and Opposition Leader Michael Manley.

The People's National Party trounced the ruling Jamaica Labour Party in local elections last July, and Manley has pressed Seaga ever since to demonstrate his popular support by calling early national elections.

That, Seaga says, he has no intention of doing.

"I'm not going to hand it (power) over," Seaga, 56, said in an interview at his Jamaica House office. "We expect the next two years to turn around the country's decision that it made in the last local elections."

Manley, who was Prime Minister himself from 1972-1980, says just as flatly, "We would not accept for Mr. Seaga to go from now until the end of his constitutional term" in early 1989.

"There has been a very, very clear indication that the people are dissatisfied with the Government," Manley said, and he plans to hold rallies and marches to harness that discontent.

A showdown seems inevitable, and as political confrontations often give way to clashes in volatile Jamaica, the effect that violence might have on tourism — the country's no. 1 generator of foreign exchange — is a topic of concern among community leaders.

"All that we are praying is that we approach this problem in a responsible way," said a prominent banker, who spoke on condition that he not be identified. "Our strength is tourism. We can't afford to let anything rock that now."

Manley, a 60-year-old Socialist, has been critical of the Conservative Seaga at least since the 1983 "snap" elections, which he boycotted. That move cost the People's National Party representation in Parliament and thus the opportunity to oust Seaga by means of a vote of no confidence.

Jamaica's continuing economic doldrums — negative economic growth the last two years, 25 percent unemployment, a devalued currency and a \$3.2 billion foreign debt — has riled the electorate and given Manley an opportunity he intends to turn to his advantage.

Seaga stresses Jamaica's "turnaround" — inflation this year is about 5 percent, down from years in the double-digits; the key bauxite, sugar and banana industries have been revamped — and he compares his achievements not with public expectations, but with the economic morass left by Manley six years ago.

"The Manley regime so destroyed the economy of the country in the 1970s that we have had to spend a decade repairing it," Seaga said. "Our overall strategy involved carrying out the adjustments that were needed to make the economy healthy again ... and giving the economy time to show the results."

"We are at the stage where these results are beginning to be evident," he said. "We need time to be able to show the results of the adjustment process."

**A tumbling economy is what drove Manley out of office in 1980.** Urged at home by constituents to raise wages and provide jobs, and denied credit from abroad, Manley printed money while stocks of food and supplies dwindled. He called an early election rather than accept an International Monetary Fund austerity plan, and he lost.

The Boston-born, Harvard-educated Seaga came in on groundswell of international support. He quickly arranged hundreds of millions of dollars of loans that, among other things, put food back on supermarket shelves and upgraded bus, water, electric and other public services.

The small growth in gross national product in 1981, coming as it did after seven straight years of decline, was hailed as an economic miracle.

Seaga planned to revamp the economy so that it was self-supporting, with exports providing a continuing engine of growth. Toward that end, he slashed the public payroll, instituted tax reform and devalued the Jamaican dollar.

The banana industry, in which export production fell to 12,000 tons last year from a high of 162,000 tons in 1970; along with sugar and coffee have been reorganized and are poised for significant expansion, Seaga claims, or at least will no longer drain the treasury.

His reform efforts were crippled, however, by the 1983 recession that drove down world demand for bauxite, far and away Jamaica's no. 1 export to that point, and dealt the economy a blow that only recently has been softened by the expansion of tourism.

Seaga gets mixed support from the International Monetary Fund, which offers praise for what has been accomplished but also suggests that the Jamaican dollar be devalued by another 10 percent. The currency, valued at 56 U.S. cents when Seaga came to power, now is worth about 18 cents.

Seaga refuses to devalue it further.

Criticism also comes from some erstwhile supporters, like Jamaican businessmen and Western diplomats, who say Seaga should divest more state-owned companies, or at least curtail their preferential access to foreign exchange.

Manley contends that the 23,000 banana farmers who were put out of work, along with 14,000 government employees who were laid off, suffered hardships for which there was no corresponding public benefit.

"It is just living in a fairy world to see Jamaica as being just around the corner" from economic recovery, Manley scoffs.

The one area of the economy that undoubtedly has improved under Seaga is tourism. Close to 1 million

people will travel to Jamaica this year, according to the Ministry for Mining, Energy and Tourism; up from just over a half-million in 1980.

Two years ago, tourism overtook bauxite as the country's top earner of foreign exchange — \$400 million in 1985 — and Minister Hugh Hart talks of Jamaica's one day hosting 3 million visitors.

The vulnerability of tourism to public unrest, however, was amply demonstrated by the slackening of arrivals that followed the January 1985 gas price hike riots. The election violence of 1976 and 1980, and the general political disturbances of the 1970s, often are cited as factors in the stagnation of tourism under Manley.

Manley refuses to say what precisely he will do to try and force an election, or when.

Seaga seems to be banking on public apprehensions of a political shakeup to give his Government breathing room.

"If they (the People's National Party) seriously believe that they would win (an election), they wouldn't want to inherit something that has been destroyed," he said.

"Despite the noises that you hear, unless their good senses leave them, I doubt very much they would try in any way to upset" the political status quo, he said.

#### Manley at PNP Conference

Kingston THE DAILY GLEANER in English 22 Sep 86 pp 1, 3

[Text]

**P**RESIDENT OF THE PEOPLE'S NATIONAL PARTY, Mr. Michael Manley wants general elections to be called on the basis of whether Jamaica should accept the Government's unannounced "contingency plan" or the Party's "alternative path" to economic and social development.

Mr. Manley also reiterated his Party's stand that it will not accept the planned enumeration exercise and the Duffus Commission of Enquiry into electoral irregularities as a basis for delaying general elections.



He said in 1980 the JLP came to power on the basis of an IMF agreement, a basis which was renewed in 1983; adding that if the Government failed to forge an accord with the IMF it would have no claims to "legitimacy".

Delivering the Presidential address to the 48th public session of the PNP's conference at a tightly packed National Arena yesterday, following on decision arising out of serious discussions in Saturday's private session, Mr. Manley lashed the Government for what he described as "a crumbling national situation" with focus on a deterioration in health, education, and an erosion of the condition of workers.

Speaking after a fund-raising effort which saw the collection of \$325,000 in cash and pledges with a Miami racehorse owner donating \$100,000 reportedly mobilised from a fund-raising exercise in that city, Mr. Manley said he would re-open the doors of tertiary education now closed as a result of the Government's cession; establish a Commission of Enquiry into Spring Plain on which the Government was now silent and reverse the Government's decision to sell the National Commercial Bank, "a triumphant success story."

Mr. Manley called the Government a "squalid failure", criticising Mr. Seaga for not paying his debts thus allowing his balance of payments to look healthy. He told his audience, many of whom were standing in pelting rains on the outside of the Arena that the Prime Minister's claims of an economic turn-around was a face-card.

The PNP President, hearing earlier greetings from Socialist International through former West German Chancellor Willy Brandt who urged the PNP to accept the responsibility of leadership in Jamaica as a result of the recent Local Government elections, said he pledged in his time to restore the political process bequeathed to Jamaica by Norman Manley and Alexander Bustamante.

Dealing with the highpoint of his speech, Mr. Manley said that though the Party regarded the Commission

of Enquiry into elections as a "face card" against the background that recommendations had been made to the Government since 1981 for correcting shortcomings that everyone knew about, it agreed to the holding of the enquiry.

"Have a Commission, yes, though it's a face card, but it is not an excuse for not holding elections; and the PNP will not accept it as an excuse for not holding elections," he declared to wild cheers from spectators, some of whom dangerously hung over the rails of the upper gallery of the Arena to hear him.

On the enumeration exercise, Mr. Manley told his audience which included members of the diplomatic corps, chief among whom were the American Ambassador to Jamaica Mr. Michael Sotirhos and the British High Commissioner to Jamaica Mr. Martin Reid, that Mr. Seaga had no problem in calling an election with a voters' list which was four years late.

"So where now does his passion for justice come from?" Mr. Manley asked referring to the plan for an islandwide enumeration exercise to update the voters' list.

"If they want to have another update, no problem. But we're not accepting a major enumeration as an excuse for not holding the elections. A major enumeration will take at least one year. The PNP and the people of Jamaica are not prepared to wait that year." Mr. Manley said to shouts of approval.

He pledged that the Party would not resort to violence nor undermine the Constitution, but at the same time the Party would not agree with the one-Party Parliament over two more years.

"We will not agree that Seaga ignore the wishes of the people for two more years; and anybody who cares for this country, look at the crumbling wreckage of this country, tell him to let the people decide and let them have a general election," he said.

He continued: "We are sensitive to the economic situation in Jamaica; but they must not believe that our sense of responsibility and our sensitivity to our country is going to lead us to do nothing when the time

comes. Hear me, those who want to hear let them listen.

Turning to the Government's relationship with the IMF, Mr. Manley said that the JLP campaigned on the basis of the IMF and they won but he was glad that the people had learned what the PNP was trying to say all along.

The question of the IMF was at the very heart and centre of what the Government did in calling the elections, he said. The Government was therefore in place on the basis of an agreement with the International Monetary Fund, the foundation of any legitimacy that the Seaga Government had.

He did not mind that Mr. Seaga had now learned, he said, questioning where was Mr. Seaga and the Labour Party in the '70s. Referring to the Government's contingency plan "in case there is no agreement with the IMF", Mr. Manley said "if the Government does not reach an agreement with the IMF, they have lost their last claim to legitimacy in the eyes of the Jamaican people."

Mr. Manley declared: "If they do not reach an agreement with the IMF we will not accept their continuing as the Government of Jamaica. If we break with the IMF under Seaga we face a brand new future, a future of mobilisation, a future of sacrifice, a special kind of future he (Seaga) does not believe in, a future they do not in any respect accept, a future they cannot lead Jamaica into. Only one political movement has the capacity to lead Jamaica on that path and that is the PNP."

If Mr. Seaga and his 59 Members of Parliament decided to take Jamaica along the "contingency plan" path, Mr. Manley told cheering supporters, the PNP would take action and "will not stop until there is a new election."

Mr. Manley charged his supporters to think about this prospect because it might be very soon, adding that the Party was not accepting two more years although "we will be responsible."

He said that both parties should go to the people and let them accept between the "contingency plan" and the "alternative path" that the PNP had always offered to Jamaica.

Mr. Manley again outlined elements of the PNP's economic and social plan, calling on his supporters to become "social mechanics."

The Party would institute a participatory institution for economic planning, restoring the vitality of parliament through the Committee system; restore Local Government; carry Jamaica in the Republican model of Government but maintaining support for the Commonwealth and membership therein.

Mr. Manley also touched on pro-

posals for the funding of political parties, especially a research unit. There will be a cultural agenda, a drug agenda to fight drug abuse, tourism development with the building of room capacity, the revival of agriculture and Caricom and export development.

Also speaking at the conference was the General Secretary of the Party, Dr. Paul Robertson who reported on the discussions and resolutions of delegates in the private session of the Party.

### Manley on Divestment Decision

Kingston THE DAILY GLEANER in English 22 Sep 86 p 1

[Text]

FORMER Prime Minister and President of the People's National Party, Mr. Michael Manley has described as an "act of ideological aggression" the decision by the Government to sell the National Commercial Bank.

Formal announcement of Government's intention to divest the bank was given on Friday night by Mr. Don Banks, Managing Director of the NCB who said the divestment would take place before the end of the year. The move was welcomed by United States Ambassador to Jamaica, Mr. Michael Sotirhos.

Mr. Manley told cheering supporters at the public session of the Party's 48th annual conference at the National Arena that the decision of the Government was an act of ideological aggression. He noted that the Government wanted to prove an ideological point.

He said that the Party did not agree with the total sale of the NCB, and that it did not mind divesting 49 per cent of the bank's interest, nor did it mind small people getting an opportunity of ownership as well as the workers.

Further, he said the Party did not mind a balanced portfolio of ownership along the lines of the Radio Jamaica model.

Mr. Manley said the people needed a bank that would be responsive to the interest of the country. "I am amazed that they think they have the right to sell without talking to us. Before unno do dat, come talk to the PNP; you don't represent Jamaica anymore, we represent Jamaica now," Mr. Manley said as he referred to the Local Government elections of July 29.

Every developing country needed to know that somewhere in its financial institutions there was a source of development capital that would be prepared to take extra risks.

There should be a balance, Mr. Manley said, between safe commercial enterprises and matters that are risky. The last PNP Government had acquired NCB to ensure that there would be a bank representing the interest of Jamaica.

He called the NCB a model of integrity and paid tribute to Mr. Banks as one of the finest bankers in the Caribbean with a high rating in the world.

/9274  
CSO: 3298/016

JAMAICA

GOVERNMENT, PNP STATE POSITIONS IN DISPUTE WITH IMF

Manley Remarks

Kingston THE DAILY GLEANER in English 23 Sep 86 p 2

[Text]

AN AGREEMENT with the International Monetary Fund (IMF) will be ruled out of the People's National Party's alternative path, should the Government fail to arrive at an accord with the Fund, Party President, Mr. Michael Manley said yesterday.

He said, by his estimation, the matter between the IMF and the Government would come to a head next month.

Restating the Party's official position on the IMF, Mr. Manley said a PNP Government would enter talks with the Fund based on coming to office to see an agreement in place. "We would take our strategic policy priorities and start a discussion with the IMF to see whether it is possible to work out an agreement consistent with our priorities and involving any resources that might be available from them."

But Mr. Manley said yesterday: "If what we find is no IMF agreement, because this Government has been unable to work out an agreement, I am very sorry that I wish to be perfectly realistic, I would think it very unlikely that an administration of the PNP would be likely to make the concessions to the IMF which even Mr. Seaga now feels himself unable to make. Let's not fool around about it."

Speaking at a press conference at the PNP headquarters yesterday, Mr.

Manley told reporters also that the Party's economists were working very hard to fine-tune an economic plan which would be submitted to the international commercial banking community for resources in the absence of the Fund's seal of approval.

The PNP at the same time is busy working on a "sound, workable basis" of co-operation between itself and the Jamaican private sector. The Party earned the ire of the private sector during the '70s for chief among other issues, its anti-IMF stand.

Mr. Manley said the country would face the fact that it could not in any conceivable political configuration reach an agreement with the IMF. In the absence of the IMF the question would arise as to who had the capacity to mobilise the people, the faith in the people, emphasis on self-reliance and the use of local resources.

He said Mr. Seaga would not begin to understand how to deal with those situations which were consistent with the PNP's philosophy. Mr. Manley repeated his call for the people to decide as to what path they would like to choose.

Mr. Manley elaborated how his Party would find resources outside of the IMF and emphasised that the failure to get a specific IMF agreement did not mean that one was unable to get resources.

The international commercial banking community would lend without looking at a country's overall economic plan in the event of an agreement with the Fund because the IMF's seal of approval was like spy glass working for them.

In the event of no agreement governments had to work out a plan, put before the bankers whose economists review it and form their own judgment as to whether it is workable, he said.

In reply as to whether his Party could come up with an impressive plan, Mr. Manley said he had no doubt about this. He said what the international banking community was looking for, was a total balance in economic proposals.

"What they look at is whether the total balance of external and internal effort makes pragmatic and logical sense," he said, adding "our own economists are working very hard to fine-tune it (Party's economic plan), and get more into specific figures, working with private sector economists themselves and farmers' groups so as to achieve the most complete elaboration of it."

Mr. Manley said he had every confidence that what the Party's economists were doing was sensible and "if it is so, a sensible banking economist will look at it and think it is sensible. There are banks that are not as ideological as the IMF."

Referring to a section of the Gleaner's report of his address to the 48th annual conference on Sunday, Mr. Manley said he would set up a Commission of Enquiry into Spring Plain unless certain steps were taken. He would prefer disclosures on Spring Plain to be made through a Ministry Paper tabled in Parliament,

he said.  
If the Government failed to level with the people on the project the Party would join in the call for a Commission of Enquiry. But if Mr. Seaga had done nothing, a PNP Government would be forced to establish a Commission of Enquiry into Spring Plain.

### Devaluation Proposal

FL251336 Bridgetown CANA in English 2247 GMT 25 Sep 86

[By Paget Defreitas]

[Text] Kingston, 24 Sep (CANA--Jamaica, currently resisting International Monetary Fund (IMF) demands for an immediate 9.2 percent devaluation, is instead proposing to devalue by 14.5 percent over two years beginning next fiscal year, according to a negotiating document obtained by CANA.

The devaluation issue has been a major stumbling block between Jamaica and the IMF for a new programme agreement to replace the one Prime Minister Edward Seaga abandoned earlier this year in his bid to push through an expansionist programme after three years of tight austerity. Since 1983, under IMF programmes, the Jamaica dollar has moved from an official exchange rate of J1.78 dollars to the current average of J5.50 for one U.S. dollar.

The IMF wants the government to move parity to J6.06 (9.2 percent). The government is offering to move to J5.91 (6.9 percent) in the first year (1987/88) and J6.43 (a further 8.1 percent) in the second--an overall devaluation of 14.5 percent.

The Seaga government has had to pay a high political cost for devaluation and other austerity programmes, reflected in the massive defeat of his Jamaica Labour Party in municipal elections here nearly two months ago.

In a memorandum to the fund, outlining the government's position on Jamaica's medium term programme, the Seaga administration said that the maintenance of relative stability in the exchange rate through 1986/87 was a precondition for the stable environment necessary for the initiation of the growth process.

However, the government said that a more flexible exchange rate would be maintained in the medium term to maintain the real exchange rate of the current fiscal year, ending next March.

Based on Government of Jamaica programme parameters, current projections suggest that average exchange rates of J5.91 and J6.43 dollars to the U.S. dollar are required in 1987/88 and 1988/89 to monitor the real exchange rate of 1986/87, the government said.

The exchange rate devaluation would be complemented by ongoing assessments of productivity gains, external competitiveness at the macro-economic level, resource inflows, and demand management policies that are not inimical to growth.

The document also spoke of a plan already announced by Seaga to introduce a tax rebate programme for exporters from 1 October to allow them to maintain export competitiveness in the face of the government's resistance to immediate devaluation.

On the demand side, monetary policy will be utilised flexibly to fine-tune inordinate demand pressures, but not at the expense of high interest rate policy which could be inimical to investment, the document said.

Analysts here say that Seaga's promise of devaluation during the next fiscal year would seem to imply the holding of general elections sometime next year--before devaluation.

The opposition People's National Party (PNP), which boycotted the December 1983 snap elections, has been pressing for a national poll following its win in the 29 July municipal elections.

With his stock low, Seaga would not want to hold elections soon after a devaluation, which is a very emotive issue, one banker told CANA.

The government's constitutional term expires at the end of 1988.

Apart from the devaluation programme, other targets in the government document include a current account/gross domestic product ratio of 7.1 percent in the current fiscal year, reflecting an improvement of 12.4 percent over 1985/86.

The balance of payments this year would improve by U.S. 131 million dollars and exports would grow by 14 percent.

Total imports would increase by less than one percent this year mainly because of an anticipated 4 1/2 percent drop in the cost of oil imports.

#### Government Position Paper

Kingston THE DAILY GLEANER in English 27 Sep 86 p 1

[Text]

THE current differences between the Government of Jamaica and the International Monetary Fund (IMF) are included in a position paper prepared by Government entitled: "Jamaica's Medium-Term Economic Programme: An Outline (Brief for Executive Directors of the International Monetary Fund)". The

following is a verbatim reproduction of those differences:

#### a) EXCHANGE RATE POLICY

The Jamaican authorities, the Tripartite Mission and the Fund agree on the need for a flexible exchange rate policy which will preserve the competitiveness of

the country's exports. This is seen as necessary for the viability of the balance of payments.

The present area of disagreement relates to the implementation of exchange rate policy during the second half of 1986/87. The Fund advocates an up-front depreciation of the Jamaica dollar and maintenance of the real exchange rate thereafter.

The Jamaican authorities have proposed that the present nominal exchange rate should remain in place until March 1987 with adjustments thereafter to maintain the real exchange rate. This is based on the view that given the excessive depreciation in the past, the maintenance of the present nominal rate together with complementary policies such as the revised rebate scheme for exporters will enable them to maintain their competitiveness up to March 1987.

The dialogue is proceeding together with technical work to establish the extent of appreciation which took place during 1985/86 and where in the context of other relevant factors there is need for any change in the nominal rate prior to March 1987.

#### **b) EXTERNAL ACCOUNTS — FINANCING GAP**

The Government of Jamaica

(GOJ) contends that there is no financing gap in the balance of payments accounts for 1986/87. This conclusion derives from the assumptions which underpin the various elements of the balance of payments. These assumptions are based on the Jamaican authorities' assessment of the economic programmes and strategies to be pursued during the current fiscal year.

The Fund's technical staff is of the view that there is a financing gap in the balance of payments of about US\$100 million after taking into account GOJ's position on bauxite and oil.

A major area of difference between the Fund's estimates and those of the GOJ is the estimated level of private capital inflows. Specific programmes have been identified by the GOJ coupled with some balance of payments adjustments which support private capital inflows of around US\$100 million. The Fund's judgement is that these flows will not amount to more than US\$30 million since they are directly related to monetary and exchange rate policies being pursued. Based upon past trends and the GOJ's supporting evidence, it is expected that the agreed estimate will be closer to the GOJ's position.

Another area of difference is the projected improvement in the Bank of Jamaica's net for-

ign exchange resources. GOJ's position is that US\$131 million is a reasonable target while the Fund's target is US\$165 million. Since the net reduction in gross liabilities of the Bank has been agreed, the difference relates to the build-up in gross assets. The GOJ's position implies negligible growth in these assets. The dialogue is continuing on this issue and it is expected that agreement will soon be reached.

#### **c) FISCAL ACCOUNTS**

Discussions with the IMF technical team on the fiscal accounts are continuing. The outstanding areas are:

i) Reservations have been expressed by the Fund in relation to some of the official capital inflows programmed by the GOJ.

ii) The domestic financing available from the banking system can be resolved only after agreement on exchange rate strategy and determination of money supply growth in 1986/87.

#### **d) AN OVERALL ASSESSMENT**

An overall assessment suggests that the main obstacle to early agreement on a programme is the exchange rate issue. The GOJ is of the view that a viable programme can be built on the basis of its proposals on this issue. Such other differences as now exist can be speedily resolved.

JAMAICA

BALANCE OF PAYMENTS SHOWS SURPLUS; EXPORTS FALL

Bank Governor's Report

Kingston THE DAILY GLEANER in English 23 Sep 86 p 3

[Text]

**BANK OF JAMAICA GOVERNOR** Dr. Headley Brown said yesterday there was an improvement in the exchange rate and an improvement in the country's external competitiveness.

The rate of inflation had gone down and there had been an improvement in the current account balance. However, "we have suffered a decline in exports and a decline in industrial production as a result of declines in alumina, cement and steel," Dr. Brown said.

Speaking at another in the series of monthly luncheons hosted by the Bank of Jamaica at Terra Nova Hotel, Dr. Brown spoke of an estimation of Jamaica's real exchange rate index utilising 1980 as the base year. It indicated that at the end of 1982, the index was reflecting a loss of 17.5% in the country's relative competitiveness.

"Owing primarily to devaluation of the Jamaican dollar from J\$1.78 to J\$5.50, Jamaica's external competi-

tiveness had improved to a level of some 33% better than the base year of 1980, by March 1986. By July 1986 with the fall in value of the United States dollar relative to other currencies and a relative deceleration of our inflation rate vis-à-vis our trading partners our competitive position had improved by a further 1.2%," he said.

The appropriateness of the present exchange rate was supported by trends such as increased purchases of foreign exchange from the commercial banks; the near elimination of the black market for foreign exchange; the improved balance of payments out-turn; and the general stability in the economy."

Dr. Brown said that the seasonally adjusted index of industrial production showed a marginal decline of less than one per cent during the first six months of 1986 when compared with the corresponding period of 1985. This out-turn occurred despite the fact that industrial output rose by 4.4 per cent during the second quarter when compared with the first quarter of the year and following an 8.5% growth during the first quarter when compared with the fourth quarter of 1985.

The index was positively influenced during the first half of the

year by bauxite production, electricity output and spirits production. It was negatively influenced by the decline in production of alumina, sugar, cement and steel.

Improvement in the major economic aggregates during the third quarter of the year was expected to persist into the fourth quarter, Dr. Brown stated.

Inflation rate for January to July 1986 amounted to 6.4% according to the All Island Consumer Price Index. The noticeable moderation in price increases in 1986 was "expected to continue, given the stability of the exchange rate and favourable price developments at the international level."

Indications were that credit by the commercial banks had been growing at a fairly high rate since the end of June 1986. Loans and advances outstanding to the commercial banks rose by 2.4% during July, following relatively moderate increases of 1.2% and 1.5% in June and May, respectively. In terms of the direction of credit, information showed that in July, consumer-oriented credit fell by J\$9.2 million in keeping with the monetary programme which required that such credit remained at the level outstanding at March 31, 1986 for the fiscal year 1986/87.

Over the seven-month period January to July 1986, Jamaica's balance of payments recorded a surplus of US\$94.3 million. This was just slightly below the surplus of US\$96.9 million of January to July 1985.

Accounting for the 1986 surplus was a positive current account balance of US\$8.4 million along with the net capital inflows of US\$85.9 million. The current account surplus was in sharp contrast to the deficit of US\$212 million for January to July 1985. This noticeable turn-around in 1986 was achieved by the narrowing of the trade deficit to US\$190.3 million from US\$350.85 million, an improvement of US\$54.5 million in the services account as well as an

increase of US\$5.4 million in net inflows into the unrequited transfer account.

With respect to the trade balance, significant benefits had been derived from lower oil prices in 1986. The decline in the level of imports had reflected these price movements.

Exports showed a fall of US\$35.4 million which was largely accounted for by alumina which fell by US\$28.8 million. Notably, bauxite exports rose by US\$7.3 million while sugar and bananas increased by US\$8.7 million and US\$3.1 million, respectively. The services account, which showed a surplus of US\$79.8 million

for January to July 1986, continued to improve with the growth of the tourist sector and the accompanying increase in foreign exchange earnings.

Government's financial operations for the fiscal period April to July 1986 resulted in an overall deficit of J\$370.3 million, significantly less than the deficit of J\$647.9 million recorded in the corresponding fiscal period of 1985. During the 1986 period, revenue amounted to J\$1,175.7 million up from J\$903.8 million for April to July 1985 while expenditure fell by J\$5.7 million to J\$1,546 million. The deficit was financed almost entirely by domestic resources.

### Report on Exports

Kingston THE DAILY GLEANER in English 25 Sep 86 pp 1, 3

#### [Text]

THE decline in exports accelerated sharply in July, falling by 15.7% compared with July 1985. This amounts to a fall of US\$9.4million for the month, from US\$59.7m in July 1985 to US\$50.3m in July 1986.

Total Domestic Exports fell substantially by 22.1% for the month from US\$58.0m in July 1985 to US\$45.1m in July 1986, a fall of US\$12.9m. Non-Traditional Exports fell by 18.6% for the month from US\$16.8m in July 1985 to US\$13.7m

in July 1986, down US\$3.1m.

Major Traditional Exports were the main contributors to the decline with a 28.6 percent fall from US\$38.4m in July 1985 to US\$27.4m in July 1986, down US\$11.0m. Alumina exports amounted for the bulk of that decline falling by 43.4% from US\$27.1 million to US\$15.4m down US\$11.7m. Sugar exports were also down by 27.4%.

Banana exports went up significantly for the month by 177.9%; Bauxite exports are also up for the

month by 11.8%. Pimento exports recorded a substantial increase for the month of 1046.5% moving from US\$0.1m in July 1985 to US\$1.5m in July 1986.

Improvements were also recorded in Cocoa (up 126.5%); Coffee (up 35.2%).

Other significant declines were recorded by Citrus (down 28.7%) Rum (down 32.9%) and Gypsum (down 94.8%).

#### Exports (US \$million)

	Change		July 1986	July 1985
	Amount	%		
Total exports	- 9.4	-15.7	50.3	59.7
Major Traditional	-11.0	-28.6	27.4	38.4
Bauxite	- 0.9	+11.8	8.9	8.0
Alumina	-11.7	-43.4	15.4	27.1
Sugar	- 0.8	-27.4	2.1	2.9
Bananas	+ 0.7	+177.9	1.0	0.4



Other Traditional	- 1.2	+45.6	4.0	2.8
Citrus	- 0.2	-28.7	0.3	0.5
Cocoa	- 0.4	+126.5	0.7	0.3
Coffee	+ 0.1	+35.2	0.7	0.6
Pimento	+ 1.4	+1,046.5	1.5	0.1
Rum	- 0.4	-32.9	0.8	1.2
Gypsum	- 0.1	-94.8	--	0.1
Non Traditional	- 3.1	-18.6	13.7	16.8
Total Domestic Exports	-12.9	-22.1	45.1	58.0
Re-Exports	+ 3.4	+198.0	5.2	1.7

/9274

CSO: 3298/016

JAMAICA

POLICE COMMISSIONER DENIES 'AMERICAS WATCH' CHARGES

Kingston THE DAILY GLEANER in English 26 Sep 86 pp 1, 3

[Text]

POLICE COMMISSIONER Herman Ricketts denied yesterday that there was any "systematic practice of summary executions" carried out by the Police Force.

He was responding to allegations by Americas Watch, a U.S. group which had been invited here by the Jamaica Council of Human Rights, and which in its report released on Tuesday accused the Police of serious human rights violations.

In a statement released last night, Mr. Ricketts said:

"My attention has been drawn to an article in the *Daily Gleaner* of the 24th instant captioned 'Police Force Under Attack' dealing with a report by the Americas Watch organisation.

I would not claim that we do not experience problems of police excesses in Jamaica, but I maintain that these are in the minority. Indeed, I categorically deny that there is any systematic practice of summary execution on the part of the police force, as alleged in the report. In fact, in pursuing a more rigorous policy of law enforcement in response to criminal

activity, it is to be expected that the statistics of death or injury will increase.

"Let me advise the public of a number of procedures which have been established over the past three years to improve accountability of the Police Force.

"1. In every case of fatal shooting by the Police, the matter must be immediately reported to the Director of Public Prosecutions. Each case is investigated from Police Headquarters and a Senior Officer other than one from the Parish or Division where the shooting took place is assigned to the case. The report of the investigation is then forwarded to the Director of Public Prosecutions for a ruling as to whether a prosecution is warranted. The Deputy Commissioner in charge of Crime has been co-ordinating these matters with the Director of Public Prosecutions.

"2. Where death results from excessive or unnecessary use of force by the police, the full weight of the law is brought to bear through the Director of Public Prosecutions, the Courts and the Police themselves.

"As a result of these efforts, there is now an effective procedure for the charging of policemen whose conduct has been in breach of the law. And, over the last five years over 60 policemen have been charged in respect of fatal shootings.

"3. We have a new recruitment programme which includes comprehensive screening techniques. These involve a number of psychiatric and attitudinal checks designed to detect unsuitable candidates before they enter the force. These procedures have been instituted following a study which indicated that lax recruitment policies had resulted in a number of undesirable persons entering the Force in earlier years.

"4. We have vastly improved police training. For the first time in the 120-year history of the Jamaica Constabulary Force, we have established a Staff College which training programme focuses primarily on the attitudinal and behavioural attributes of Police Officers. Additional training objectives include: leadership, management skills, communication skills and theories of human behaviour. Training of recruits and at in-service levels now includes such subjects as sociology, psychology, history, human rights and criminology. We now have a high calibre of civilian instructors from various disciplines.

"5. The policy of five-year re-enlistment is now being rigorously enforced. Only those members whose discipline is good and are recommended by senior officers are allowed to re-enlist.

"6. The dismissal of sub-officers and men after a disciplinary enquiry rests with me and the matter is approached in the same way as in the case of sentencing in judicial proceedings. The sentence which is applied in each case depends on the particular circumstances.

"7. We have taken measures to expose and investigate thoroughly complaints against the police. I have direct responsibility for this. It must be appreciated that early action is sometimes affected by limitations of

manpower and the ability to locate witnesses.

"8. There is a Committee comprising the Director of Public Prosecutions, Solicitor General, Chief Parliamentary Counsel, Director of Legal Reform, among others, giving high priority to developing an independent mechanism to strengthen our complaints procedures and to safeguard human rights. The matter is, however, a very highly complex one which deals with a number of interlocking social and legal issues which are being carefully evaluated. Only last week, the Minister publicly indicated that the chairman of this Committee promised an early report on this matter.

"9. We also have the assurance of the Ministry that the programme for expanding and strengthening the religious and moral guidance of the Force, which the Minister and I have been working on, will soon be ready for implementation. This will facilitate the appointment of one full-time chaplain and a number of associate chaplains to provide island-wide counselling.

"10. The Police Federation has joined the Minister of National Security and Justice, the Hon. Winston Spaulding and myself in support of a joint stand to eliminate corruption and indiscipline from the Police Force. Gazetted Officers who are not members of the Federation have been exhorted to lead by good example. Those who do not live up to the standards expected of them have been and are being appropriately dealt with.

"The nature and pattern of crime in Jamaica inevitably leads to a high level of confrontation between the police and criminal elements. Having regard to that fact, it is worrying that grossly exaggerated claims were made without seeking our response to specific allegations used to justify broad charges.

"I assure you that under my administration, the leadership of the Police Force is committed to achieving and maintaining high standards of discipline and morality in the Force."

JAMAICA

BRIEFS

WORLD BANK LOANS--Washington, 30 Sep (Jampress)--Prime Minister Edward Seaga reported today that discussions with the World Bank on two loans worth a total of US\$60 million had been "satisfactorily concluded." In addition to attending meetings of the Boards of Governors of the International Monetary Fund and the World Bank over the past two days, Prime Minister Seaga held two meetings with the World Bank to settle the terms and conditions of a public enterprise sectoral loan of US\$20 million and a trade and finance sectoral loan of US\$40 million. The two loan programmes had initially posed some difficulties but the two meetings have resulted in terms and conditions acceptable to Jamaica and discussions on both loans have now been satisfactorily concluded, the Prime Minister said. A meeting with the IMF is scheduled for the end of the week, the Prime Minister added. [Text] [Kingston THE DAILY GLEANER in English 1 Oct 86 p 1] /9274

CSO: 3298/016

MEXICO

1985 KEY PARASTATE ENTERPRISE LOSSES NEAR 27 BILLION PESOS

Mexico City EXCELSIOR in Spanish 18 Sep 86 pp 1-A, 21-A

[Article by Marta Anaya]

[Text] The Lazaro Cardenas-Las Truchas Steel Complex (SICARTSA), the National Rural Credit Bank (BANRURAL), CONASUPO Processed Milk, the Metropolitan CONASUPO Distributing Agency, the Southeast CONASUPO Distributing Agency, Churubusco Studios, the Mexican Olympic Committee, and the National Cancer Institute yielded losses of 26.644 billion pesos in 1985.

Upon releasing the financial reports for 42 parastate enterprises, Raul Robles Segura, undersecretary B of the Comptrollership General of the Federation, also pointed out that the profits of the National Company for Basic Commodities (CONASUPO) are close to zero because the government, in accordance with the law, reimbursed the entity for the 360 billion pesos it lost in regulating and supplying basic commodities.

In addition, he reported that the Pan American Sulfur Mine, the National Commission on Free Textbooks, the National Arid Zones Commission, the Hidalgo Insurance Company, the International Bank, National Diesel (DINA) Buses, DINA Cummings, Mexican Tobacco Exports, the National Fine Arts Institute, the Pan American Protection Service, the Mining Development Commission, the Administrative Committee of the Federal School Construction Program (CAPFCE), the Atenquique Industrial Company, the Mexican Guarantee Corporation, the Mexican Insurance Company, the Serfin Banks, Graphic Workshops, the Cardiology Institute, the Manuel Gea Gonzalez General Hospital, and Adhesives posted total earnings of 59.586 billion pesos in 1985.

The assets of the 42 entities listed (BANRURAL includes 12 regional banks in addition to the national one, so only 30 parastate enterprises are named here) are worth a total of 7,409,152,000,000 pesos. And these enterprises' liabilities total 6,287,085,000,000 pesos, while their net worth is 1,222,067,000,000 pesos.

From the figures quoted here, it appears that the Lazaro Cardenas-Las Truchas Steel Complex (SICARTSA) suffered the greatest losses, 14.697 billion pesos.

The financial study indicates that the expansion project known as Phase 2, which was slated to be completed by 1985, was partially suspended because of budget cuts. The continuation of the project is under study, and the most financially and economically feasible option appears to be to conclude the project by 1990 with an additional investment of \$1.42 billion.

The National Rural Credit Bank posted losses of 3.136 billion pesos, without counting the support it received from the Federal Government.

In fact, BANRURAL operations yielded losses totaling 91.03 billion pesos, but with some recoveries and 84.882 billion pesos in government funding, the net loss for the year totaled the amount mentioned in the previous paragraph.

In the opinion of the external auditor from the Office of Roberto Casas Alatraste, "the singular characteristics of the clients of the BANRURAL system and of the information available on them do not justify the estimates of write-offs for loans that may be difficult to collect in the current portfolio and part of the past-due portfolio."

As we mentioned earlier, CONASUPO has a balance of zero. The undersecretary himself explained the situation:

"We have a negative balance of 360 billion pesos for CONASUPO. Then we have a transfer from the Federal Government's accounts of exactly that amount. This is because according to CONASUPO's bylaws and the commitments assumed by the Federal Government to that entity, the government is supposed to reimburse it each year for any costs incurred by CONASUPO during the year in question for supplying and regulating basic commodities.

"This 360-billion-peso figure," he explained, "is broken down as follows: The gross cost for regulating the prices of agricultural products is 52 billion pesos. This means that between the purchases made by CONASUPO in 1985 and the sales prices it obtained, the latter fell short of the costs by 52 billion pesos.

"This phenomenon," he went on, "is centered primarily in the category of corn, where the prices paid to farmers in 1985 were approximately 52 billion pesos lower than the sales prices that could reasonably be obtained for this product.

"Then there are the normal categories of overhead and administrative costs, which are in line with the entity's operations. In 1985, CONASUPO managed more than 22 million tons of products, including both national purchases and imports, and of that total, just over 10 million tons corresponded to purchases and over 11 million tons to sales.

"If we calculate the unit cost of managing this tonnage, we get about 5 pesos per kilo, which could be considered very reasonable. It speaks well of the efficiency with which CONASUPO operates.

"Then we have two categories which are practically the sole source--and more--of the negative balance of 360 billion pesos which we mentioned earlier.

These categories are interest and commissions, which amounted to 96 billion pesos, and exchange-rate fluctuations, which totaled 444 billion pesos.

"This is because the amount of the liabilities assumed by CONASUPO in both the short and long terms is very disproportionate. This means that its owner, the Federal Government, did not inject enough resources in it for it to be able to meet its commitments efficiently in the regulation and supply of the basic commodities market.

"This situation was rectified on 15 April of this year, when the government took over CONASUPO's debts in the amount of \$1.35 billion. As a result, CONASUPO's financial structure is now at a reasonable level."

The other entities which reported losses in 1985 were:

- CONASUPO Processed Milk: 2.955 billion pesos
- Metropolitan CONASUPO Distributing Agency: 2.339 billion pesos
- Mineral Resources Council: 1.719 billion pesos
- Southeast CONASUPO Distributing Agency: 1.219 billion pesos
- Churubusco Studios 451 million pesos
- Mexican Olympic Committee: 90 million pesos
- National Cancer Institute: 38 million pesos

As for the parastate enterprises that yielded profits, here is a list, including the amounts which each one earned in 1985:

- Pan American Sulfur Mine: 4.773 billion pesos
- National Commission on Free Textbooks: 2.829 billion pesos
- National Arid Zones Commission: 160 million pesos
- Hidalgo Insurance Company: 2.825 billion pesos
- International Bank: 3.156 billion pesos
- DINA Buses: 399 million pesos
- DINA Cummings: 1.462 billion pesos
- Mexican Tobacco Exports: 177 billion pesos
- National Fine Arts Institute: 439 million pesos
- Pan American Protection Service: 1.074 billion pesos
- Mining Development Commission: 6.021 billion pesos
- CAPFCE: 2.504 billion pesos
- Atenquique Industrial Company: 1.35 billion pesos
- Mexican Insurance Company: 12.913 billion pesos
- Serfin Banks: 17.641 billion pesos
- Graphic Workshops: 644 million pesos
- Cardiology Institute: 499 million pesos
- Manuel Gea Gonzalez General Hospital: 106 million pesos
- Adhesives: 82 million pesos

In the case of DINA Buses, as we already mentioned, there was a profit of 399 million pesos. The company has cumulative losses, however (1,000,063,075,000 pesos) which exceed its capital stock (322,340,000 pesos); according to the General Law on Mercantile Corporations, this situation is grounds for dissolution at the request of an interested third party.

Undersecretary Raul Robles observed, however, that because of the economic problems that began to plague the country in 1976 and have continued ever since, "it is an everyday occurrence, unfortunately," to see cumulative losses erode capital stock.

"And as far as I know," he concluded, "except for some truly extraordinary cases, the creditors in such cases have never asked the business to declare bankruptcy."

8926

CSO: 3248/6



MEXICO

AUTO INDUSTRY OPERATING AT 35-40 PERCENT OF CAPACITY

Mexico City EXCELSIOR in Spanish 30 Aug 86 pp 4-A, 23-A

[Article by Jaime Contreras Salcedo]

[Excerpts] The Mexican automotive industry is undergoing what is perhaps the worst period in its history; it is now working at 35 to 40 percent of its installed capacity. From 1981 to date, it has had to lay off 45 percent of its workforce. Production will be at least 32 percent below the 1985 level when this year draws to a close, with sales at 265,000 units, similar to the 1973 figure.

Thus, the president of the Mexican Association of the Automotive Industry (AMIA), Cesar Flores Esquivel, admits that the domestic market does not represent a short-term solution.

Employment Down 40 Percent

In measured tones but very clearly, the president of the AMIA noted that his organization and government officials are working together to reconvert the automotive sector. He pointed out that this cannot happen overnight, and new, more flexible administrative formulas for industrial development policy are required, as is access to facilities to modernize plants, among other factors.

Cesar Flores noted that it is also important to have new technology to boost quality and thus to be able to go into foreign markets. "We must try to expand the volume of foreign sales, and this is not easy," he argued. "We will have to seek technological partnerships, investment, and fresh money to make our plants more productive."

In 1981, he pointed out, the terminal automotive industry had nearly 90,000 employees, while the auto parts industry employed an average of 150,000. Now, since the beginning of a crisis that is not confined to this sector but affects the entire country, terminal plants employ between 45,000 and 50,000 workers, and auto parts factories provide jobs for only 80,000 to 85,000. "This means that employment has fallen by at least 40 to 45 percent," he admitted.

And the solution, he acknowledged, does not lie in the domestic market in the short term. On that market, 40,000 units of the 155 car and truck models produced through July have been sold. Many businesses are channeling their projects toward foreign markets, "and it is to be hoped that their plans materialize. Otherwise, the situation will be tight for two or three large firms," he warned.

Finally, with reference to the case of Renault, Cesar Flores stated that some other companies may be interested in its facilities in Ciudad Sahagun. He commented that the French investors ran into difficulties when the bottom fell out of their markets, both in France and the United States, in addition to the critical situation they faced in Mexico.

8926

CSO: 3248/7

MEXICO

CEESP STUDY SETS UNDERGROUND ECONOMY AT 25-35 PERCENT OF GDP

Mexico City EXCELSIOR in Spanish 29 Aug 86 p 18-A

[Article by Jaime Contreras Salcedo]

[Text] The underground economy (that which operates in society outside of the law, in particular beyond the reach of the treasury) has grown consistently in Mexico over the last 15 years. It now accounts for 25 to 35 percent of the Gross Domestic Product (GDP).

According to a study by the Private Sector Center for Economic Studies (CEESP), the reason for this situation is that our country suffers from excessive regulation, a high tax burden, prohibitions, and serious bureaucratic corruption.

For this reason, according to a report on this matter by the CEESP, what is needed is a reduction in tax evasion rather than an increase in taxes. And above all, regulations must be kept to a minimum.

In examining the underground economy, the report indicates also that as a result of this parallel or underground economy, "the real size of the Mexican economy is one-fourth to one-third larger than the official figures state." For example, in 1985 the extent of this activity beyond the scope of the treasury represented a loss amounting to the equivalent of 26 percent of tax revenues.

The incentive for violating the laws governing the country's economic activities, stated CEESP, is aggravated not only by the bureaucracy, "but also by the large degree of discretion that is implicit in many of these activities."

According to the analysts at this center for economic research which serves businessmen, the Mexican economy is highly regulated and regimented, which is reflected in the tremendous number of laws. They warn: "The regulatory activity of the Mexican state is not confined to macroeconomic policy, but also extends into operative decisions at the industry or business level."

8926  
CSO: 3248/7

MEXICO

BRIEFS

CUTBACK IN STEEL PRODUCTION AT MONCLOVA--The parastate enterprise Mexican Steel Mills, Inc. (AHMSA) announced yesterday that it has taken steps "to cut steel production at its plant in Monclova, Coahuila, due to declining consumption in national industries such as the automotive, construction, railroad, and electricity sectors." As of the beginning of this month, therefore, it has decided to shut down blast furnace number 4 and to rehabilitate it. The enterprise reported that blast furnaces 1 and 2 at the same plant, which are more than 40 years old, have been out of service for a long time, and therefore steel mill number 1 at Monclova will continue producing top-quality foundry pig iron exclusively with blast furnace number 3. The enterprise explained that it had been producing just over 3 million tons per year, and with blast furnace 4 out of production, the total will drop to 2.5 million tons per year. It added that in the open hearth furnaces as well as the basic oxygen furnace (BOF) department, the necessary measures have been taken to reduce the number of "continuous castings." Of the nearly 14,000 employees who work at steel plant number 1, some 500 have felt the effects of the change in the rate of production, "but the vast majority of them have been relocated to other areas, or are working on the rehabilitation or maintenance of the production equipment," said the announcement. [Text] [Mexico City EXCELSIOR in Spanish 12 Sep 86 pp 5-A, 33-A] 8926

CSO: 3248/7

NICARAGUA

MINISTER BORGE ON CHURCH, HUMAN RIGHTS

PY101225 Montevideo LA HORA in Spanish 21 Sep 86 pp 4-7

["Summary" of an interview with interior Minister Tormas Borge, by Rafael Cribari on 9 September 1986 in Managua]

[Excerpts] Christian sectors have been actively engaged in the continuing Nicaraguan revolutionary process. I asked Commander Borge his opinion on the relations between the church and the state and on the role of some priests within the Sandinist administration. According to Borge, the FSLN "spoke with church sectors to permit Christians join the struggle. The original objective was to receive cooperation from Christian sectors in order to give a deeply humanitarian character to the revolutionary process. I believe this objective has been accomplished although the rank-and-file Christian sectors that participated went even further, because they joined the struggle as Christians. In fact, they might have played a different role, either exclusively as Sandinists or as members of a revolutionary political movement. Instead, they joined the struggle as Christians. I believe this is an important contribution to the Latin American revolutionary process."

Borge was very keen to explain how vast Christian sectors joined the anti-Somoza struggle and, later, the phase of consolidation and development of the revolution. He said that "as I see it, it was the first time that Christians have joined a popular struggle, maintaining their own beliefs and their own identity. This behavior produced results."

Borge also mentioned "the special relations that we have maintained with those sectors, their political role, and also the annoyance, astonishment, and fear felt by the high-ranking reactionary hierarchies in Latin America and in Nicaragua."

Borge said he believes "the high-ranking church hierarchies, who represent the interests of a specific class, are frightened. They are afraid of Latin American Christians starting to participate as such. They are afraid of the possibility of the vast Latin American Christian masses, the majority of which are exploited workers, men and women, participating with a new idea and a new language, which are the banners of the Christ of the poor."

He said that "at the beginning, some people might have hoped that the Church, as an institution, could participate in the revolutionary process. But they failed to notice that a class struggle is inevitable in all social changes."

Borge then referred to the conflict between the revolution and high-ranking members of the Church hierarchy. He maintained that "the majority of the Nicaraguan Catholic Church leaders are identified with the classes that were overthrown and with their godfather, U.S. imperialism. Their identification has been so visible and obvious that they have begun to lose their influence in Nicaragua."

Borge remarked that the influence of religious ideas "must always be taken into account. Our people are Christians, and the use of religion to serve imperialism was in conflict with the new concept that the people had about their future and about their role in history."

Borge then recalled the pope's arrival in Managua in March 1983, pointing out that "it was particularly significant because the pope is the top Catholic and Christian leader. But the Nicaraguan people were disappointed by his presence. The pope is God's representative on earth. I tried to imagine the aureole with which he was seen when he arrived. As the pope read his message, turning a deaf ear on the people's demands, his aureole began to fade."

Borge emphatically recalled that for that occasion at the 19 July Plaza "more than half a million people from all over the country gathered. All available means of transportation were assigned to the pope's visit. Huge crowd began to shout that they wanted a prayer for peace. Instead of saying the prayer for peace, the pope, enraged, asked the crowd to keep silence. When the mothers of the fallen fighters asked the pope to say a prayer for their sons, he, incensed, refused to pray for the dead. Some mothers, who had lost up to five sons held up their pictures, spread out like playing cards, and were amazed that such an overbearing man would refuse to say a prayer."

On the eve of the pope's arrival in Managua, the counterrevolutionaries had killed, and beheaded, 17 peasant youths. The relatives of these victims asked the pope to say a prayer for the fallen, but their plea went unanswered.

Borge recalled that, after that episode, the Catholic Church elevated Miguel Obando y bravo to cardinal, "with the hope of strengthening the church. But if the pope, the sovereign pontiff, with all his dazzling vestments, fell as a crumbling idol under the weight of his own blunders--even against our wishes--could Cardinal Obando y Bravo hope to be a symbol greater than the pope?"

The Nicaraguan interior minister reasserted that "the investiture of the cardinal did not impress the people in the least. Of course, Obando y Bravo, wearing his new vestments, comes here believing that he is a big deal. Encouraged by his appointment, Obando y Bravo and others began publicly to show their inner selves. They begin to parrot Reagan's accusations and arguments in order to justify his crimes... It is incredible that they would do that against our people, believing that we would keep our arms folded."

Borge continued to recount the events of recent months involving the church hierarchy. He said that after the U.S. Congress approved the \$100 million assistance to the contras, "this mister, Bishop Vega, granted a press conference and said unbelievable things. It was as though Mr Reagan had come to Nicaragua to grant an interview. There was no difference between the two, and so we decided to expel Bishop Vega from the country, to let him join his counterrevolutionary brothers" in Honduras.

I asked Minister Borge if there were any possibility for a dialogue, an understanding to work out differences. His answer on 9 September was: "I believe that there can be an understanding beginning now, because, although we cannot reach an understanding on the basis of a common language, we can reach an understanding to coexist realistically."

On Tuesday, 16 September, Managua announced that the talks would start as Borge predicted. The Sandinist commander warned, however, that "this country's dignity and laws must be respected," and added that "we cannot have privileged citizens in this country the fact that someone is a bishop, priest, barber, or insurance salesman does not grant him special privileges. Being a foreigner does not entail having privileges. We can have a foreigner who is a doctor or a priest, but if he violates the law, he will be held accountable."

The Nicaraguan interior minister was in front of me, and I thought that our readers would like to have direct information on how the penitentiary system of this Central American country functions, especially since the White House spokesmen do their best, through the media, to discredit the Sandinist government's human rights record. Of course, White House spokesmen did not voice any concern in this regard during the Somozist tyranny.

The open-minded, humane style of the Sandinist leaders is a characteristic of the Nicaraguan revolution. Borge said that "the revolution's style, independent from the men who are working for the revolution and who nevertheless exercise their own influence from a general viewpoint" is marked by a humane approach. He emphasized that human beings should be reeducated and integrated into society.

Borge said: "There are some 8,000 prisoners in Nicaragua. I can even provide a breakdown. The majority of prison inmates obviously are common criminals. The Nicaraguan penitentiary system, which is run by the Interior Ministry, is sponsoring an international seminar that will begin at the end of this month. We have even invited Uruguayan Interior Minister Antonio Marchesano, who apologized for being unable to come on that date, and well-known jurists from all over the world. Jurists and representatives of countries throughout the world will attend this seminar on penitentiary systems, during which we will explain our ideas to the world."

He said: "We have a common closed penitentiary system. The inmates are kept in jails where they work in construction; making shoes and boots in the country's most important factory; manufacturing clothes, furnitures; making handicrafts; making car license plates; working in workshops."

Borge then explained that "there is another penitentiary system that we call 'open farms.' These do not resemble jails because they do not have police guards, or armed men. The inmates live free inside the farms. They could walk out, but they don't. We tell them that the only padlock keeping them in is our trust in them. So far, nobody has escaped. We have seven 'open farms' in Nicaragua. There the inmates are mostly engaged in agricultural activities."

Women are not kept in farms. "They live in a residence that was confiscated from the bourgeoisie. I do not know of any other place in the world where women prisoners live in a residence where they can enjoy a swimming pool. In this luxurious residence, the women make clothes and jewelry to be sold. They can attend fashion shows put on by the prisoners themselves, theater shows, dances, etc. They cannot leave, except with permission to go home. The men at the 'open farm' prisons have permission to go home for one week in every 3 months," Borge said.

Living in these 'open farms' are former national guardsmen, common criminals, members of the Interior Ministry military who have been sentenced for various crimes, "particularly for human rights violations," Borge said. Then he pointed out that "the ultimate objective of our penitentiary system is totally to transform it into the 'open farm' system. But this is not a question of political will alone, it is a question of obtaining the necessary resources."

When asked for the exact number of prisoners in Nicaragua and about the crimes they committed, Borge called his assistant, Subcommander Oscar Mejia, who produced the following information: Common criminals, 4,124; counterrevolutionary elements, 2,107; former national guardsmen, assassins and torturers under the Somoza government, 2,157; and former military personnel, 382. Of the total of 8,770 prisoners, 44 are foreigners.

I asked Borge about President Reagan and the U.S. administration's campaign against Nicaragua. He said that he recently learned the results of a poll on the American people's opinion toward an eventual U.S. intervention in Nicaragua, and on the popularity rating of the U.S. President. Borge said that the poll shows that Reagan "enjoys an overall support and that the majority of U.S. citizens approve of their President's domestic and foreign policies, but it also shows that in the case of Nicaragua, 62 percent are against the Reagan policy. This is a very important statistic," he emphasized.

Borge said that as long as the U.S. Government "fails to win over the U.S. public opinion, its intervention in Nicaragua will be more difficult." Borge believes that the current slander against Nicaragua is an attempt to sway the U.S. public. "They say that we persecute the Jews, but there are no Jews here; that we have burned synagogues, but we have no synagogues; that we are drug traffickerers; that I am some sort of.... how do they say it...a mafia boss, a godfather, a capo. These are specific accusations, despite the fact that the U.S. Drug Enforcement Administration said that they are false. Nevertheless they insist on making outlandish accusations, and we ask ourselves, how can a man who is the President of such a large country make do such a thing? Accusations that we send arms to Brazil, but the Brazilian Government said that it was not true; or



to other countries, only to have those countries deny such charges. In the assault on the Palace of Justice in Colombia, the U.S. Government said that Nicaraguan weapons were used, but the Colombian Government said that this was false. Then I ask myself, how can some one be so irresponsible? Apparently irresponsible, of course, I know why."

I persisted and asked Minister Borge about the U.S. President's and his government team's technique of fabricating the most preposterous lies about Nicaragua. Borge brought up a much publicized case of manipulation of international public opinion, particularly of U.S. public opinion, by Vice President George Bush:

"The other day, Bush presented pictures showing that we are burning Miskitos alive, incinerating Miskitos. So, Mr Bush, on the verge of tears, exhibits the photographs. He left himself open for ridicule because the pictures were taken during the Somoza regime," and then Borge adds, "Mr Reagan meets a girl--I don't know just how he invented this--who was a Miskito victim of Sandinist repression...then her parents come out, and the girl herself said, no, I was born in the United States, I am just of Nicaraguan extraction. Ms Kirpatrick said that we have 300,000 Miskitos, in concentration camps, and it turns out that there are only 90,000 Miskitos in the entire country. There is, of course, an explanation for all this.

"These people do not mind lying, because lies make headlines, and denials do not. The lies are read by all the U.S. people, and the denials are read by just a few. They slowly go about creating the image that we are bandits. This is the principle of Low Intensity Conflict which they apply: Attack terrorism by practicing terrorism; the Goebbelian logic of calling the victims attackers, of calling the dead assassins."

Borge continued to upbraid Reagan, and referred to "the power of imperialism as the form of deliberate lies. I could be generous with Reagan if I knew that he was mistaken, but the thing is that he uses those lies knowingly, and this cannot be forgiven."

Borge mocked President Reagan by saying "Mr Reagan is not a minor movie actor; he is the best actor on the stage of contemporary history." He said "no one has ever played the role of or could play the role of Hitler better than Reagan.." He added: "A man who is intelligent, not dumb, can be misinformed sometimes. He was in one country and referred to it by the name of another country. He bungled it, not because he is Reagan, but because he is a Yankee. Yankees, including Reagan, do not know their geography. In general, however, he is an attractive man, with personal charisma and authority. I wished there had been a couple of revolutionary Reagans...but he is not a revolutionary and this, to our dismay, represents the greatest danger for the world, particularly for Nicaragua."

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CSO: 3248/45

NICARAGUA

SUPREME COURT RULES AGAINST LA PRENSA

PA261909 Managua Radio Sandino in Spanish 0000 GMT 26 Sep 86

[Text] The Supreme Court of Justice has ruled that an injunction to secure protection of civil rights--filed by newspaper LA PRENSA, claiming censorship--is contrary to law. LA PRENSA wanted only certain news censored, but the court pointed out that that is the exclusive area of the Interior Ministry's Media Directorate. Vilma Nunez, Supreme Court vice president, explains:

[Begin Nunez recording] Following the paper's closure, its representatives filed an injunction to secure protection of civil rights, claiming excessive censorship against LA PRENSA. The court declared that injunction to be contrary to law--based on paragraph 3, article 28 of the Protection Law--because the alleged excessive censorship, assuming that there had been excessive censorship, cannot be corrected, especially now that freedom of speech has been restricted by the 15 October 1985 state of emergency.

From a legal standpoint, this ruling is very interesting, because the court established the legislation by which the Media Directorate can apply censorship on material prior to its publication. LA PRENSA wanted to select the material to be censored, but the Supreme Court believes that this is under the jurisdiction of the Media Directorate. Therefore, any newspaper subjected to censorship must present all their material to the Media Directorate for censorship prior to publication. [end recording]

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CSO: 3248/46

NICARAGUA

\$112 MILLION IN AGRICULTURAL CREDITS OBTAINED

PA192233 Managua Radio Sandino in Spanish 1930 GMT 19 Sep 86

[Text] It was learned today that Nicaragua has obtained from several countries credits amounting to \$112 million toward the purchase of machinery and equipment for the 1986-87 agricultural cycle.

According to a report from the Ministry of Agricultural Livestock Development and Agrarian Reform [MIDINDRA], the loans from Eastern countries and the PRC total \$80 million, and from other socialist countries total \$32 million. The government will partly cover the \$160 million that is 30 percent of what is needed for equipment. It must be known that Nicaragua cannot respond on its own to the demand for resources needed for agriculture primarily because during the last 5 years, nearly half the national budget has been spent on the war being fought against forces financed by the United States.

MIDINDRA adds that the agricultural strategy for this season consists in raising production levels in order to improve national supply of certain scarce items, and to increase exports.

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CSO: 3248/46

NICARAGUA

BRIEFS

TRADE WITH GUATEMALA--Rene Duarte, of the Foreign Trade Ministry's integration directorate, has reported that Nicaragua will have traded about \$8,500,000 with Guatemala during the last half of this year. He also said that the commercial relations with Guatemala are normal and show an upward trend according to the domestic needs of Guatemala and Nicaragua. [Summary] [Managua Radio Sandino in Spanish 1200 GMT 25 Sep 86 PA] /7358

OFFICERS CHARGED WITH PRISONER MISTREATMENT--Managua, 2 Oct (ACAN-EFE)--Four Interior Ministry officers were sent to the office of the military judge advocate in Managua, accused of mistreating prisoners at jails in northern Nicaragua. Official sources reported that the officers had been identified as Second Lieutenants Jose Salvador Velasquez Juarez, Juan Francisco Torres Lopez, Evaristo Jose Saenz, and Daniel Antonio Treminio Vargas. These officers, who "abused of their position and ranks," were assigned to jails in the northern cities of Matagalpa and Jinotega, the sources said. [Text] [Panama City ACAN in Spanish 0156 GMT 3 Oct 86 PA] /7358

CSO: 3248/46

TRINIDAD AND TOBAGO

PAPER'S PROBE EXPOSES EXTENT OF ARMS SMUGGLING

Investigative Report

Port-of-Spain SUNDAY EXPRESS in English 5 Oct 86 p 5

[Article by Camini Marajh]

[Text]

SMUGGLERS are bringing guns into the country right under the nose of the Coast Guard.

SUNDAY EXPRESS investigations into gun-smuggling and racketeering in Trinidad revealed that "gun-runners" were off-loading crates of Russian, German, Italian, U.S., English and Israeli-made weapons to local operators along the Carenage/Chaguaramas coastline in broad daylight.

Informed sources disclosed that, incredibly, the "drops" are most often made on weekends and public holidays when the coastline is swarmed with pleasure seekers.

Large shipments of guns, the source said, are brought to shore by speed and pleasure boats. "The operators use scantily clad women on the boats as decoys," the source said.

Contact, he said, is usually made with a family on shore, placed there specially for the pick-up.

"The operation is a smooth one," the SUNDAY EXPRESS was told, "the Coast Guard does not expect the gun runners to come into their own backyard so they are concentrating instead on the Cedros/Icacos areas where the incidence of gun arrivals are minimal compared to what is happening at Port of Spain."

The source, who claimed that the coastline was now "wide open" to gun-runners, said: "The smugglers task is made even easier now with several of the Coast Guard, Police and Customs and Excise launches down for repairs."

The SUNDAY EXPRESS understands that:

- Three of the five Customs and Excise launches are down and are now berthed at the Caricom Jetty in Port of Spain. Of them,

- The "Victor C", which has been down since October last year, needs to have two of its engines overhauled.

- The "George Halfhide" went down in June and needs to have one engine overhauled.

- Badly hit is the "Sword Fish" which has been down for some three years and is in need of two new engines.

- A fourth boat is also giving trouble — the "Eric Clark", named after a former comptroller. The launch has a "small defect," a source said.

Up to four months ago, four Coast Guard vessels were down. Sources within the Department said it is unlikely that the boats would be repaired immediately because of a lack of funds.

The "El Tucuche", another Coast Guard vessel which has been down for seven months, is now at the Trinidad Foundry and Fabricating Ltd (formerly Swan Hunter) for repairs to its hull. It is understood that the contract which was given to the Port Authority was sub-contracted to the TFFL.

A few of the police launches are also down for repairs — again, the problem is one of financing.

The SUNDAY EXPRESS understands there are over 40,000 guns in the "underground", including tear-gas and explosives. "One can buy almost anything on the streets ... for the right price," a source said.

He listed the "top guns on the market"

as: the Russian Uzi, AK-40 and 47 rifles, Berettas, Lugers, Webley specials, Magnum 45, .357 Magnum special, Smith and Wesson specials; Dan Wesson automatic and semi-automatic specials; Winchester; Derringer; the Remington repeater; nine-milli-

metre handgun and sub-machine gun; 30, 40 and 100-round sub-machine guns, 410 rifles; 12, 16 and 20-gauge shotguns; Colt 45, Bulldog-44 special and sniper rifles with infra-red telescopic lens.

The prices vary, depending on the size, range and velocity of the gun. A .22 pistol can fetch as little as \$300 while a sub-machine gun can rake in the princely sum of \$10,000 to \$50,000.

A source in the business said that most households in Trinidad has a gun and those that don't have access to one.

"The gun racket in Trinidad and Tobago is a very real one," he said, "and it is growing."

Most of the guns, he said, are coming in from Grenada, Barbados, Venezuela, Colombia and the United States.

The Russian-made guns, he said, are coming in from Grenada — left there in the wake of the American troops-landing in October 1983.

Sources at Piarco told the SUNDAY EXPRESS that guns were entering the country concealed in television and video recorder sets.

There is a new trend, the source said, to dismantle and disguise the guns as machine parts. "Some slip in as air cargo, others find their way through the Port of Spain docks. Still, there are those that get lost in excess baggage. The fact of the matter is ... the guns are here."

The source said there is at least one incident of attempted arms and ammunition-smuggling at Piarco per week.

Checks by the SUNDAY EXPRESS showed that a high percentage of the crimes committed in this country involved the use of firearms. There is however, very little to show that the crimes are committed with the use of heavy assault weapons like the 30, 40 and 100-round sub-machine guns or the AK-40 and 47 rifles.

To date, the final destination of these assault weapons remains a mystery. But that the guns are in "circulation" is without question. What is uncertain however, is when the guns will be used and against whom.

One government source expressed the view that the guns are being brought into the country for "future use", but would not say by whom.

"It's obvious that they are going to use it," the source said. "Otherwise, why go to so much trouble to bring them into the country?"

Contacted for comment, National Security Minister Overand Padmore said he was "not prepared to make a statement on this matter."

Efforts to contact acting Police Commissioner Clive Sealey proved futile. On the more than six occasions the SUNDAY EXPRESS called, Mr Sealey was said to be out.

5 November 1986

Port-of-Spain SUNDAY EXPRESS in English 5 Oct 86 p 5

[Text]

- **January 3** — Police seize a gun and 50 rounds of ammunition from a container on the Port of Spain docks.
- **January 12** — Police arrest two men for possession of a 16-gauge shotgun and five rounds of ammunition.
- **March 23** — A 68-year-old Lopinot man arrested for manufacturing firearms.
- **April 1** — An England-based Trinidadian arrested trying to smuggle in two shotguns and 75 rounds of cartridges at Piarco Airport.
- **April 1** — Police seize a .23 Beretta pistol and 48 rounds of .23 ammunition.
- **April 1** — Seven members of a religious commune at Pt Cumana held in connection with two German made sub-machine guns (SMG), 238 rounds of ammunition for the SMGs, 75 rounds of self-loading rifle ammunition, 44 revolver rounds, 11 rounds of 16-gauge ammunition and eight machine gun cartridges.
- **April 9** — A Couva fisherman arrested for possession of eight rounds of .32 ammunition.
- **April 10** — A 23-year-old plumber jailed for 10 years on four charges of possession of firearms and shooting with intent to endanger human life.
- **April 13** — Police seize four .25 pistols, two .38 revolvers, 200 rounds of .25 ammunition and 100 rounds of .38 ammunition from a television set at Piarco Airport.
- **April 18** — A senior State Counsel attached to parliament, and his Canadian-born wife were freed of a charge of possession for an unlicensed firearm.
- **April 27** — A 35-year-old labourer fined \$4,000 for illegal possession of a shotgun and cocaine.
- **May 13** — Police seize a homemade shotgun and a 12-gauge cartridge in Bourg Mulatresse.
- **May 14** — Police seize a .38 special revolver found in a stolen car at Clifford Street in Laventille.
- **May 14** — A police constable accused of having a

revolver and five rounds of ammunition in his possession while off-duty and when he was not authorised to have same, was freed.

● **May 20** — A club proprietor and his wife arrested for possession of a .22 revolver and a quantity of ammunition.

● **May 28** — Police arrest a man for possession of a pistol and six rounds of ammunition.

● **June 3** — A Laventille man was fined \$1,500 with an alternative of six months imprisonment for possession of a .32 revolver and two rounds of ammunition.

● **June 10** — A 35-year-old butcher and his wife freed on a charge of being in possession of a .38 revolver.

● **June 17** — A Grenadian ship captain held by police for possession of nineteen 28-gauge shotgun cartridges.

● **June 18** — Police raided a home in Bejucal, Cunupia and seized 17 guns and 3,000 rounds of ammunition. Among the weapons reported seized were nine 12-gauge shotguns, a .22 automatic revolver, a .44 Winchester automatic pistol, a .22 long rifle, a .30 U.S. Carbine semi-automatic, a 12-gauge double-barrelled shotgun, a five-shooter automatic rifle and a Luger shotgun.

● **July 27** — A labourer of Jones Street, Piparo arrested and charged for illegal possession of a stolen shotgun.

● **August 4** — A San Fernando couple held for possession of a sawed-off shotgun.

● **August 10** — A 25-year-old Barataria man held for possession of a nine millimetre automatic pistol loaded with seven rounds of ammunition. Police also claim to have found six rounds of ammunition hidden in a magazine in his pants pocket.

● **August 19** — A 23-year-old Valsayn man was fined \$4,000 with an alternative of two years imprisonment with hard labour for possession of an unlicensed firearm and 73 rounds of ammunition.

/9317

CSO: 3298/018

TRINIDAD AND TOBAGO

TAPIA LEADER BEST WARNS OF POSSIBLE VIOLENCE

Port-of-Spain DAILY EXPRESS in English 3 Oct 86 p 2

[Text]

ECONOMIST, LLOYD Best, has declared that there is a "real possibility of violence" erupting in the society, if the current crisis in the economy is not properly discussed and debated in the country at large.

Best, leader of the Tapia House Movement which is now part of the National Alliance for Reconstruction (NAR), was at the time addressing the first in a series of special dinner/lectures on the state of the country, organised by the Rotary Club of Arima. It took place at the Bel Air International Hotel, Piarco, Tuesday night.

After setting down a number of issues which he said were "the options for the way ahead" in the current crisis, Best said "the country needs to know these things," because "without this kind of debate and dialogue there is a real possibility there is going to be violence, if you are not careful."

He said the "options" as he saw them, represented "a challenge to maintain the social and political stability in the country. This is bound to be complicated in Trinidad and Tobago," he said, because there was already a system of "lopsided specialisation" among social groups in the society, and that the same policy would affect different sets of people in different parts of the country differently.

"We have to alert the population to the horrors of the road ahead," he said, prescribing that the country should immediately be "sentenced to 15 years of hard labour," the first five of which were already inevitable, and out of which some possibilities could be worked for the remaining 10.

Among the "options" he saw for Trinidad and Tobago, were that;

- The real rate of taxation has got to rise, what is more the real rate of savings has also got to rise and this means that the real rate of consumption has to be depressed. "Anybody who tells you that they are going to lower taxes has got to be watched," Best said, adding, however, that income tax reform should be instituted to effect a penalty on consumption than on earnings.

- Social services in the society should be expanded, inspite of the precipitous fall in government revenues, because people are going to have less money and therefore such things as the School Feeding Programme should be expanded rather than curtailed.

- We might think of borrowing abroad, either on the public or the private account. The question has to be, however, with borrowing for what, and the stress should be placed on using these resources to generate the most possible foreign exchange.

/9317  
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TRINIDAD AND TOBAGO

CHAMBERS ADDRESSES PNM WOMEN ON CURRENT POLITICAL SCENE

Confidence in PNM

Port-of-Spain DAILY EXPRESS in English 29 Sep 86 p 1

[Text]

**PRIME Minister George Chambers has no doubt that the People's National Movement will remain at the helm in the upcoming general election.**

"I, ladies and gentlemen, am in no doubt whatsoever that we in the PNM will remain at the helm. It is imperative that we do so if only to protect this society from the confusion which these loose alternatives portend," he told a highly enthusiastic crowd yesterday at the "Assembly of PNM Women" at the El Dorado Senior Comprehensive School.

Chambers, however, did not announce the election date, saying he did not participate in "blind dates".

In his wide-ranging speech, he enumerated the value system by which he lived and from which he "will never depart" — fear of God, a deep and abiding respect for family as an integral part of national life, a deep sense of justice and fair play, personal integrity, total disinterest in the trappings of political power, a similar disinterest in things material, humility, service to people and country.

He urged the League to cherish these principles. "For me there is no other way of life. And I make bold to say that for you and those you influence, change from PNM is not, repeat not, on our agenda."

Referring to speculation that he would announce the election date at the Assembly, he said: "To those of you on the periphery who came to peep and to listen to whether or not I will announce any particular date or dates, on the basis of the value

system which I have just enumerated, you ought to know that I don't participate in blind dates."

He described the "business" of alternative building as a recurring theme at each elections.

"Pray tell what happens to the several alternatives after the elections. What happened after 1971, have you all forgotten? Each day somebody was launching a new constituency group, a new constituency block, opening a new constituency office, installing new constituency officers, having annual constituency conferences, ay, ay. As soon as the day came and they got their throats cut, I heard nothing more. And as we move towards the period of national choice, they have begun again."

Chambers contended that what was at stake here was not just a change of government, but a deliberate effort to destroy PNM influence on the life and character of the nation.

"Contrary to all that they said to the national community, what is at stake is not a change of government — their purpose and intent are to destroy the positive influences which PNM has had over the last 30 years on the life and character of this nation, so that in time, they can capture power. What they are seeking to destroy is PNM influence on the life and character of the nation of Trinidad and Tobago."

He said it was the discipline and stability of the PNM which imparted structure and continuity to the development of the country and that without it, chaos will reign.

He described as "idealists" all those who naively termed aspects of the PNM's government's work as "mistakes." He stated that politics was the art of the possible and that in the democratic setting, a leader made judgement based on what he perceived to be the will of the nation and in its best interests. He added that no one was infallible and that with the benefit of hindsight, there could always be disagreement about some judgements.

He said there would always be differing interests and differing opinions on what can be achieved and in what time.

"I say to you, that those who would mislead the nation by suggesting that they are infallible should be seen for what they really are."

#### Status of ISCOTT

Port-of-Spain DAILY EXPRESS in English 29 Sep 86 p 1

[Article by Ria Taitt]

[Text]

**WHAT** Trinidad and Tobago is experiencing today in terms of business activity is the demise of those traditional family firms which have been unable to measure up to the requirements of the changing business environment locally and internationally.

So said Prime Minister George Chambers at the People's National Movement Women's League "Assembly of PNM Women" yesterday.

"Far be it for me to advise them about the virtues of strategic planning," he said. "It seems to me though that while they were busily concentrating on the losses of state enterprises, they may have overlooked the deterioration in their own organisations."

He noted that government on the other hand, being attacked consistently for sustaining many of its state enterprises, a primary one being the Iron and Steel Company of Trinidad and Tobago, "listened," "took advice" and "have been taking steps to improve the viability of our exercises."

He argued that no government and company had taken licks like ISCOTT. "Every day — close it down, is a drain, if we close it down, the economy will turn around," he said.

"And what has happened since we ban we belly and take the licks?" he asked, before launching into an update of the performance of ISCOTT.

It had, he said, expanded its trade via arrangements with Venezuela, its output and productivity had increased since the technical assistance programme with Voest Alphonse and Hamburg Steelworks (from 14,000 per month tons of steel in 1985 to 26,000 between January to July 1986 and in August to over 30,000); higher quality output; the putting into effect of a module (once idle) on the basis of an agreement with Venezuela and that soon additional employment would be created.

Government was satisfied, the Prime Minister said, that the decision not to close down ISCOTT was a wise one. The company, he said, was on the road to viability, even though the journey to profitability was a relatively long one. He alluded also to its capacity to earn foreign exchange.

Shutting ISCOTT down, he said, would have added 1,000 to the ranks of the unemployed, necessitated the immediate repayment of over \$500 million in foreign loans and the loss of a substantial foreign exchange earner.

Chambers said the company was an example of what creative management and hard work could achieve when faced with unexpected problems.

"The first recourse in time of trouble ought to be creative management, not retrenchment, not shut-down. Unfortunately, today we are seeing all too many examples of this lack of course of action."

He said that the successes "in reporting" in the private sector are to be found largely among in the relatively young and newer entrepreneurs in our society, the "new frontier" men who have demonstrated keen foresight in discerning new business opportunities and a preparedness to employ modern techniques of management.

"Even in the highly protected domestic market, some traditional firms

have trouble in competing successfully," he said.

He said that government accepted that the public bureaucracy was sometimes unwieldy and needed to be made more efficient, "but as my grandmother used to say, 'say one and say the other,' many of our large private sector corporations are themselves fettered by their own red tape and prejudices about how things ought to be done.

How come we are not bombarded daily with this fact? We are not reminded that they seem incapable of fostering the entrepreneurial spirit necessary to create new business and new products to ensure their continued growth."

/9317

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TRINIDAD AND TOBAGO

LOW TURNOUT REPORTED FOR VOTER REGISTRATION

Port-of-Spain SUNDAY EXPRESS in English 28 Sep 86 p 2

[Text]

PRELIMINARY reports from Elections and Boundaries Commission (EBC) registration offices in a number of areas in the country indicate that the turnout during the final week of registration of voters for the general election has not been as great as expected.

"I have been informed that the turnout has not been as large as it was during the same exercise in 1981," EBC chairman Sir Isaac Hyatali told the *Sunday Express* on Friday, "but we infer from this that most of our work has already been done."

The EBC began an update exercise in July 1985 aimed at making the list of electors more accurate.

At the start of the exercise, involving extensive field work, the EBC found there were 237,000 unidentified people on

the list. This figure has been reduced to 90,000. The EBC discovered that 125,000 registered voters had changed address or died, while 125,000 were "not seen at all."

The annual list published on August 15, 1986, became the preliminary electoral list when the final revision of the list began on Friday 19, September.

That was the start of a final 10-day exercise aimed at those who wished to have their names included or their addresses changed, or who could provide proof that names should be removed.

Hyatali explained that the revised electoral list, composed with the information received during the 10-day exercise, will be posted up in public places as soon as the date of the general election is announced.

There will also be a supplemental list produced after the revised list where names of voters have been excluded by inadvertence. He said the extra 90,000 names will remain on the list to ensure no one who should be there is taken off.

"People should not fear that these extra names could be used for impersonation by those up to no good," Hyatali stressed, "since it not possible to do this

because of the strict identification measures that will be taken on polling day."

Anyone wishing to vote without an identification card may do so once their name occurs on the EBC's records with a photograph and the person swears he is that person. The EBC chairman pointed out that each political party will have agents at polling stations who can lodge objections over a voter's identity, and that anyone found attempting to impersonate someone else will be subject to prosecution by the police.

Hyatali noted that there had already been some charges of irregularities during the final 10-day exercise, but these had been investigated by the EBC and found to be untrue. The EBC is to hold a news conference in the near future to explain the EBC's position regarding identification cards and the 90,000 unidentified people still on the electoral list.

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CSO: 3298/018

END